

NEWS SUMMARY

GENERAL

London carnival violence flares

Policemen with riot shields were called to Notting Hill Carnival last night after gangs of youths started a stampede by running through crowds under the Westway flyover.

Fifteen policemen were injured in scuffles and 34 people were arrested for robbery, possession of offensive weapons, assault on police, theft and attempted theft. Fighting also broke out between pickpockets trying to snatch wallets.

Earlier, the mood in West London had been cheerful as carnival-goers followed the floats and danced in the streets. Police had been expecting about a quarter of a million visitors, but only about 200,000 turned up during the day.

Mr. David Lane, chairman of the Commission for Racial Equality, said last night: "I am glad the carnival has on the whole been successful and peaceful. It reflects great credit on the organisers, police and participants."

Iran changes

Iran's new Prime Minister, Jafar Sharif Emami, has promised to close casinos and gambling clubs, in an effort to appease religious opposition to the Shah. He has also appointed two men from well-known Modern families to his cabinet.

Cinema arrest

Iraqi authorities have arrested an Iranian who said he was involved in a film the cinema fire in Abadan, Iran, in which at least 17 people died.

Election plans

The Prime Minister is expected to reach a decision this week on an October general election date. Pre-campaign planning by the parties is accelerating on the assumption that Thursday, October 5 will be election day.

Vatican posts

The newly-elected Pope John Paul has reassigned all top Vatican officials to their posts, indicating that there will be no immediate changes in the running of the Roman Catholic Church.

Press ban

Rhodesia's transitional government has banned all news media references to the Patriotic Front. No explanation for the ban was given.

Engines moved

The blacked Rolls-Royce aero engines belonging to the Chilean government are now probably on their way to Chile. The four engines were moved from Rolls-Royce's East Kilbride factory in Scotland on Saturday.

PM appointed

Sr. Alfredo Nobre da Costa, who has been formally appointed Prime Minister of Portugal, has selected a 16-man cabinet which consists mainly of political independents and technocrats, and three military men.

Animal cheques

National Westminster, the only UK bank to issue pictorial cheque books, has now introduced a range depicting British wild life. The cheque books are offered to customers at 10p each, plus VAT.

Briefly...

Film star Robert Shaw died yesterday after collapsing near his County Mayo home.
French actor Charles Berling died of a drug overdose, a state medical examiner in Arizona said.
England beat New Zealand by seven wickets in the Third Cornhill Test at Lord's yesterday. Trevor Bailey. Page 5
Weekly £50,000 premium bond prize goes to Cambridgeshire holder of bond 7FS 923883.

BUSINESS

Consumer boom 'will slacken'

SIGNIFICANT slackening in the consumer boom by the end of the year was suggested by the forward indicators of the economy, latest analysis from the London Business School's Centre for Economic Forecasting said.

REPORT from European Commission on the future of micro-electronics within the Community predicts that Europe will be dependent on Japanese and American-produced micro-processors and micro-electronic technology until the mid-1990s.

CALL for Government action to overcome a mortgage famine was dismissed by the Building Societies' Association.

PROPOSALS for Britain's first commercial magnetic levitation transport system, propelled by linear motors, have been sent by West Midlands County Council to the Trade Department for approval as part of a £30m development at Birmingham.

MERIDEN motorcycle cooperative is joining with Manchester University in developing a machine which will incorporate features to meet increasingly severe fuel economy, noise and pollution requirements.

EXPORTS of ceramic industry based in Stoke-on-Trent in the first half reached a record £90.2m, 15.1m up on the corresponding period last year.

LABOUR

FEARS of a new upsurge of militancy among British Airways engineers at Heathrow, London, emerged yesterday with the announcement of a new productivity deal awarded to their counterparts in British Caledonian.

OVERSEAS

SPANISH Government approved an important package of measures to restructure two key, but ailing, sectors of the country's industry—steel production and shipbuilding.

CIT FINANCIAL Corporation is selling a 7.5 per cent interest in the National Bank of North America subsidiary to NatWest.

NET profits of Toyota, leading Japanese car company, were almost flat in the fiscal year to June 30 at ¥116.3bn (¥116.8bn).

STRIKING improvement in West German business climate is shown by a survey from the IFO economic institute in Munich.

WALL STREET closed 10.85 down at \$84.88.

BIG DUTCH retailing groups are finding that Holland is too small for them and that their traditional role of shopkeepers offers less opportunity of a good return. They are turning to new consumer areas.

REED INTERNATIONAL is having talks which may lead to the sale of its entire investment in Reed Paper, its principal Canadian subsidiary.

HAMPSON INDUSTRIES sales and profits in the first three months of the current year were satisfactory and the directors hope that the group's excellent progress will continue.

HUDSON'S BAY Company raised first-half earnings to C\$4.3m (C\$4.1m).

JOINT company has been formed between Westinghouse Brake and Signal, of Chipperton, Wiltshire, and Cubic Corporation, San Diego, Calif., to market and engineer automatic fare collection systems for UK and world markets.

BL toolroom men defy union order to resume working

BY ALAN PIKE, LABOUR CORRESPONDENT

The ultimatum to 32 unofficial strikers in the toolroom of BL's SU Fuel Systems factory in Birmingham expired yesterday with the men still defying an instruction to return to work or be expelled from their union.

It appears that nothing can now prevent a head-on clash between the Amalgamated Union of Engineering Workers' leadership and the unofficial BL toolroom committee which is urging skilled workers to strike as soon as the executive confirms the expulsions—probably next week.

There is real danger that the dispute will not be confined to the BL toolrooms but could spread to many parts of the engineering industry. Leaders of the unofficial committee who at the weekend, voted to call for a renewed toolroom strike when the expulsions are confirmed, also decided to ask other skilled workers throughout the industry to support the action.

During last year's toolroom strike, the BL toolmakers received offers of support from other skilled AUEW workers both in the motor industry and elsewhere. The toolroom committee decided then that it preferred to confine the action to BL where it was seeking separate bargaining rights.

But this time, with the central issue of union policy, the committee has decided that other craftsmen should become involved and a call for support will be made to the entire membership of the AUEW.

It is impossible to estimate at this stage how much support the

call for action would receive in BL, much less elsewhere. Expulsion of the SU strikers would, however, undoubtedly arouse passions among other toolmakers and the possibility of sympathetic action outside BL cannot be ignored.

There is feeling among BL workers that the unofficial committee stands more chance of gaining support for a strike over the expulsions than it would for another round in its fight over pay parity.

Mr. Derek Robinson, convenor at the Longbridge plant and chairman of the influential BL shop stewards combine, yesterday described the strike call as "opportunistic," but added: "Now it is a question of expulsion, toolrooms will support the 32."

The AUEW East Birmingham district committee decided last week that the SU toolmakers should be expelled unless they ended a three-week strike in support of pay parity with the Rover toolroom by yesterday. On Saturday, the unofficial committee met and decided that the strike call should become effective the day after the executive confirms the expulsions.

The executive is unlikely to meet before the weekend because its two members with most responsibility for Leyland issues

—Mr. Terry Duffy, president-elect, and Mr. Gavin Laird, Scottish executive member—will be in Geneva for international discussions on the Peugeot-Citroen operations. There is, however, little doubt that the expulsions will be confirmed when the executive does meet.

After the strikers had failed to report for work yesterday—a normal working day at the SU factory—Mr. Duffy said that his reaction was one of disappointment. He had hoped, up to the last moment, that the men might comply with the rules of the union and return to work. Other workers at the SU factory are co-operating to help mitigate the effects of the strike.

The SU strike is one of two BL trouble spots involving AUEW members who are refusing to obey union instructions and return to work. At the Batgate truck and tractor plant near Edinburgh, 1,900 machinists voted at the weekend to continue a stoppage over demands for extra payments for operating new machine tools.

The district committee of the AUEW decided last night to summon the Batgate strike leaders to their next meeting on Thursday, September 7. But Mr. Tom Adam, the union's district secretary, was not prepared to say what would happen at the meeting.

Decision expected on UK rejoining Airbus group

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AGREEMENT AMONG West European Governments on the UK rejoining Airbus Industrie, the Continental aircraft manufacturing group, is believed to be imminent.

Discussions between the UK, West German and French Governments have intensified in the past two weeks and a decision might be reached this week or during next week's Farnborough air show, at which all the manufacturers will be present.

The UK Government is understood to have felt for some time that the best way ahead for the UK aerospace industry would be to strengthen the links with Europe on at least one important programme, in this case the new A-310 200-seat version of the Airbus, while reserving its position on other, smaller ventures that might involve participation with the U.S.

Much of the difficult negotiation of recent weeks has concerned the price to be paid by the UK for rejoining Airbus Industrie.

The French have wanted the UK to make a big contribution to the past costs of developing the A-300 Airbus, in which Hawker Siddeley and latterly British Aerospace have shared as a private sub-contractor, building the wings. The UK has resisted that.

The discussions are believed to focus on a complex formula whereby the UK will subscribe up to a fifth of the cost of developing the A-310, receive work to a similar extent, probably on the wings, and make

only a token contribution to the past costs of the A-300 to offset its profits from the wing contract on that aircraft.

Another French demand, that British Airways should buy the A-310, is believed to have been dropped or substantially modified. The UK team has made clear that the UK Government cannot compel British Airways to buy a jetliner it does not want.

British Airways is more interested in the Boeing 787 with the new 555 version of the Rolls-Royce RB-211 engine than in the A-310.

Decisions on other potential Airbus Industrie ventures, such as the smaller series of jets seating between 130 and 180 passengers, called the Joint European Transport programme, are expected to be postponed.

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EEC steel price plan protest

BY JOHN LLOYD

THE FAILURE of the European Community's Davignon plan to enforce a price ceiling on steel prices throughout the European steel industry is threatening UK manufacturers of nuts, bolts and other industrial fasteners.

They say that Continental EEC steel producers are selling the steel wire and rod, up to £100 a tonne more cheaply than the British Steel Corporation. Steel rod costs between £270 and £370 a tonne in the UK.

The British Industrial Fasteners' Federation, which represents the industry, is to ask for urgent talks with Viscount Davignon, the EEC industry Commissioner, after whom the steel plan is named, next month. The corporation says it is willing to be represented on the delegation.

Earlier this month it became clear that many European producers, especially in West Ger-

many, were cutting prices extensively.

The UK manufacturers say that while other EEC steel producers sell wire and rod to European competitors at rock-bottom rates, they quote Davignon plan prices to UK fasteners. Their price-cutting, thus fails to show in import export figures.

The UK fastener industry is also being affected by a sharp rise in imports of fasteners from Japan, Taiwan, Hong Kong, South Korea, Singapore and Indonesia since the Davignon plan imposed duties on primary and semi-finished steel products from those countries.

The federation fears moves in the U.S. to impose heavy duties on imports of industrial fasteners, with serious consequences for the industry.

The UK industry had a turnover of more than £400m last year, and employs about 40,000 people.

UK producers fear that Japan and other Far Eastern countries will switch their export drive to Europe, especially the UK.

U.S. producers have argued that since a chief market for fasteners is defence, the strategic importance of the industry justifies its protection. The UK companies will advance the same argument, since much of their production goes into the manufacture of defence equipment for NATO.

When the federation meets the EEC industry Commission next month, it will argue for duties on cheap third-country exports of fasteners; much firmer policing of the Davignon guidance prices; and maintenance of fair trading within the Community, with sanctions against producers who breach the standards.

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Warning to Hodge companies

BY JOHN BRENNAN

MR. GORDON BORRIS, Director General of Fair Trading, has issued a rare warning that he is minded to refuse applications for consumer credit licences from two Hodge Group companies.

It is believed that the director general wants Standard Chartered Bank, which took over Sir Julian Hodge's financial group in 1973, to make further management changes in the subsidiaries.

Standard Chartered confirmed yesterday that the Office of Fair Trading issued its warnings from Hodge Finance and Julian S. Hodge Ltd, the Cardiff bank.

Only 11 such "minded to refuse" notices were issued in 1977 in cases where, in the words of the director general's annual report, "doubts are raised about the fitness of an applicant, or a

licensee to hold a licence." In less than two years after the Hodge companies applied for licences, it is believed that the OFT's reservations focus on management which remained with the consumer credit side after Standard Chartered's takeover.

Standard Chartered rationalised and brought the Hodge companies more closely under its control in 1973. In the same year Sir Julian Hodge, then 70, retired as the subsidiaries' managing director. He remains chairman of the companies.

Last year the international bank abandoned Hodge's controversial second-mortgage business, an area that had attracted considerable public criticism. The bank said yesterday that, as 100 high street offices, a rejection of the director general's annual report, "doubts are raised about the fitness of an applicant, or a

second-mortgage business regarding

Cabinet talks on Rhodesia oil report

By Richard Evans, Lobby Editor

THE Birmingham report commissioned by the Government to investigate the supply of oil to Rhodesia since the imposition of sanctions, is expected to go before the Cabinet on Thursday week—September 7—its first meeting since Parliament's summer recess began.

Newspaper reports about the involvement of British Petroleum and Shell in oil shipments to Rhodesia have led to demands from Labour MPs for the recall of Parliament and for the Director of Public Prosecutions to consider taking action against the companies.

There is particular concern among MPs about suggestions that evidence of possible sanctions-breaking was available to past British Governments, but no action was taken. It has been argued by many African states that oil from the West was finding its way into Rhodesia too easily and providing invaluable assistance to the Smith regime.

The controversy over oil supplies comes at a critical time for the Anglo-American peace initiative in Rhodesia. Dr. David Owen, the Foreign Secretary, said on Sunday he thought there was a "very real" risk that Rhodesia would be plunged into civil war by the end of the year if there was no negotiated settlement by then.

Mr. Callaghan has given his personal assurance to President Kenneth Kaunda of Zambia that all sanctions-breakers, whether individuals or major companies, would be brought to book.

British citizens and companies trading with Rhodesia after UDI are liable to up to two years' imprisonment and an unlimited fine. It would be up to the Director of Public Prosecutions to decide on any question of legal proceedings.

For the Government the issue is complicated by the depth of passion throughout the Labour Party against any hint of sanctions-lifting and by election timing.

The last thing Ministers want is a blazing domestic and international row over Rhodesian sanctions in the run-up to, and during, an election campaign.

But pressure for early publicisation of the Birmingham report from both Labour and Liberal MPs is bound to be substantial.

BP issued a statement yesterday declaring that Dr. Owen had instructed the official inquiry into Rhodesia's oil supplies to be completed by September 7.

The company's fullest co-operation had been promised and given throughout the proceedings.

The proceedings of this official inquiry have been conducted in

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U.S. eases Eurodollar control

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, August 28.

THE U.S. today added a new and somewhat unexpected element to its dollar defence policies when the Federal Reserve announced moves to make Eurodollar borrowing more attractive and thereby encourage demand for dollar-denominated assets.

The Fed's action, which goes into effect immediately, is to reduce from 4 per cent to zero the reserve requirement on the foreign borrowings of its member banks—mainly Eurodollars—and other foreign banks, and to ease the requirements on foreign branch loans to U.S. borrowers.

Reserve requirements oblige member banks to keep percentages of their borrowings in non-interest-bearing accounts with the Fed.

Theoretically, therefore, U.S. banks should be in a position to act more aggressively in the Eurodollar market, whose overall size is generally reckoned to be in the \$600bn range, with current U.S. participation conservatively estimated to be worth about one-third of the total.

The Fed's initiative is the second it has taken in the last ten days to aid the dollar: on August 18 it increased the discount rate to 7½ per cent from 7½.

The move came as a surprise, as the speculation here was more along the lines that the U.S. might seek to exercise greater control over, rather than ease, the generally unregulated Eurodollar market.

Consistent

Mr. G. William Miller, the Fed chairman, has expressed concern about the existence of "stateless money" in the Eurodollar market, and appeared sympathetic to the suggestion that the major central banks might act in concert to bring Fed control over the market.

But it is also admitted here that there is still imperfect knowledge about the workings of the Eurodollar market and considerable reluctance at this stage to take what would amount to a policy leap in the dark.

The timing of today's announcement is consistent with the Administration's current policy of keeping the foreign exchange markets on edge.

The combination of the discount rate increase, expanded gold sales, broad hints about a willingness to make an unconditional drawing from the International Monetary Fund and today's announcement are clearly designed to try to convince the markets that it is unwise to speculate against the dollar.

A key test of confidence in the dollar could come as early as

U.S. officials would be encouraged if the deficit can be kept roughly equivalent to the \$1.6bn shortfall of June, which represented a substantial improvement over the average monthly figure for the first five months.

With this and the frailty of the dollar in mind, Mr. Robert Strauss, the President's chief inflation fighter, said in an interview today that the timetable for a second stage anti-inflation programme had been brought forward by 30-45 days. New proposals would be ready by October, he said.

At the same time, President Carter's decision to cut short his holiday in the Bahamas and return to Washington on Wednesday to lead the fight for Congressional passage of the natural gas pricing Bill, an energy measure, is intended to demonstrate that the Administration is in earnest about this critical piece of legislation.

Wall St. down 10.65

Stock and bond prices fell sharply in New York today after it became apparent that the Federal Reserve Board was raising its target for the federal funds rate from 8½ per cent to 9½ per cent.

The rate has been increased by ½ per cent over the past two weeks in support of the dollar and investors had been hoping for a more aggressive move.

However, today's move by the Fed has created considerable uncertainty about the outlook for short-term rates.

While the Dow Jones Industrial Average tumbled 10.65 the dollar remained firm on the New York foreign exchange market thanks to some buying in anticipation of more tightening of the bank holidays in Europe.

Against the mark the dollar closed at 2.0245; against the Swiss franc at 1.9350; against the Yen 182.08 and against Sterling \$1.9210. Trading was quiet and uneventful due partially to the bank holidays in Europe.

\$ in New York

	Aug. 28	Previous
Spot	\$1.9200-8220	\$1.9200-9280
1 month	0.40-0.24 4h	0.40-0.24 4h
3 months	1.25-1.20 4h	1.25-1.20 4h
12 months	4.50-4.40 4h	4.50-4.40 4h

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OVERSEAS NEWS

Nicaragua strike bid falters

MANAGUA, August 28.

A NATIONAL strike called to oust the Nicaraguan President, General Anastasio Somoza, had only limited effect in the capital, Managua, today although it was reliably reported to have stronger support in other cities.

The strength of the strike in Managua was less than had been expected. Despite almost unanimous support yesterday from a national assembly of Chambers of Commerce, only about 30 per cent of shops in the city were shut.

There were reports of scattered violence, and in one poor suburb of Managua, barricades were put up. They were quickly removed after National Guard patrols arrived.

The National Guard said it shot dead two left-wing guerrillas who killed a member of President Somoza's Liberal Party. But relatives of the two youths said they had simply fled after being challenged because they did not have driving licences.

Heavily-armed guardsmen in jeeps patrolled shopping and industrial districts and industry and transport appeared to be working normally on the whole.

The limited effect of the strike in Managua cast doubt on the strength of the opposition grouping which called it.

The grouping includes conservatives who want to oust President Somoza whose family has ruled the country for 45 years. The opposition is seeking to install a government of national unity.

Visitors to the capital from other cities, supported reports by telephone which suggested that the strike had taken a much stronger hold outside Managua.

Many shops and factories were said to be shut in the country's second city, Leon.

The quiet situation in the capital made it appear that President Somoza would be able to resist the challenge to his rule for the time being. But his Government faces a worsening situation with shortage of funds for investment and a flight of capital from the country.

It has been condemned by Venezuela for repression, and the U.S. has cut off military aid. Reuter

Iran Cabinet in pre-poll move to court opposition

BY MICHAEL TINGAY

TEHRAN, August 28.

THE GOVERNMENT of Mr. Jaafar Sharif-Emami, who succeeded Mr. Jaafar Amouzegar yesterday as Iranian Prime Minister, is likely to remain in power only until elections are held, according to some officials in the Imperial Palace here.

The Shah, it is believed, intends to press ahead with free elections next year despite the build-up of opposition from both right-wing religious elements and left-wing and moderate critics and he believes that religious extremists will be unable to maintain a united front.

The Emami Cabinet is regarded as a Government of compromise during the difficult period before the election. Short-term concessions must be made now to the religious opposition but pro-Shah forces believe they will be able to win a free election despite the build-up of violent opposition to the regime in the past months.

Immediate concessions to clergy and religious groups have been made already by the new Government. The Imperial Iranian calendar, introduced only two years ago, will be replaced by the familiar Moslem calendar and all gambling establishments in Iran will be closed down.

Mr. Emami will try to woo the moderate religious opposition away from the broad front of forces opposed to the Shah. The

been made already by the new Government. The Imperial Iranian calendar, introduced only two years ago, will be replaced by the familiar Moslem calendar and all gambling establishments in Iran will be closed down.

Mr. Hsa Kuo-Feng, the Chinese leader, leaves Belgrade for Tehran today where he will be the first foreign leader to meet Iran's new Prime Minister, Mr. Jaafar Sharif-Emami during talks on Wednesday. Although his talks in Tehran are expected to centre on world issues, possible co-operation in oil, of which both countries are big producers, could be one specific area of bilateral co-operation for review.

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W. German business optimistic

BY JONATHAN CARR

A STRIKING IMPROVEMENT in West Germany's business climate is shown by the latest survey carried out by the IFO economic institute in Munich. Manufacturing industry, construction and the wholesale and retail trades all share in the improvement in varying degrees.

This positive development can hardly be a result of the Government's latest economic package. The IFO survey is of business opinion in July and the Cabinet only acted at the very end of the month. Nonetheless, there are clear signs that still earlier Government action to help boost the economy is working through. This is true of the building

sector in particular. IFO finds that the business climate became still better here in July and that the production level was at its highest for the month for five years. No less than 29 per cent of building firms involved in the survey complain that they cannot carry out as much work as they would wish because of lack of staff.

For the year as a whole, IFO expects building production to increase by 4 per cent in real terms against that of last year (compared with a real increase in gross national product in 1978 which the institute believes will be about 3 per cent). The outlook for next year is positive, too.

Some improvement in the business climate in manufacturing has been noted by IFO since April. Last month the trend became still more marked, with fewer companies complaining about unsatisfactory current business and still more inclined to judge the outlook positively for the next six months.

In the capital goods sector, two-fifths of all firms are still complaining that their order books are too thin. But there has been a general increase in demand, not least for engineering products and office and data equipment. Electrical goods have joined cars as particularly strong performers in the consumer durables sector. IFO sounds one warning note, however, about the

Part of the generally optimistic tone emerges, however, from businessmen, not least producers of consumer goods, felt that their export prospects had improved. But the survey was concluded before the most recent plummeting of the dollar. Thus prospects may have dimmed since, but not enough to alter the overall picture.

Reuter reports from Tokyo: West Germany's Chancellor, Helmut Schmidt, will make an official four-day visit to Japan from October 15. The Japanese Foreign Ministry says the arrangements are not complete but he is expected to meet Mr. Takeo Fukuda, Japan's Prime Minister, and other officials as well as Emperor Hirohito.

U.S. post service strike averted by mediator

BY JOHN WYLES

NEW YORK, August 28.

THE U.S. Postal Service and its unions today thrashed out a procedure for settling a pay dispute which threatened to cause an illegal strike by thousands of postal workers from midnight tonight.

Today's agreed formula is something of a triumph for Mr. Wayne Horvitz, director of the Federal Mediation and Conciliation Service. He has been in constant talks with both sides since it became clear last Friday that the rank and file of the two largest postal unions had rejected a proposed 19.5 per cent increase over three years.

The indications are that Mr. Horvitz persuaded the Postal Service to climb down from its adamant refusal to resume negotiations in return for a fresh attempt to try to negotiate a redundancy clause in a new contract.

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Vietnam accused of seizing a Chinese hill

By John Hoffman

PEKING, August 28.

VIETNAMESE troops and police have fortified a hill inside China and have stoned Chinese officials, according to the New China News Agency.

An agency correspondent reported today from Pingxiang, Kwangsi Province, that several hundred Vietnamese had penetrated about a kilometre across the border into China, taken possession of a hill and had dug trenches and laid barbed wire. The incursion was at the scene of a violent incident on Friday in which a number of Chinese civilians were said to have died.

China now claims that at least eight people, including three children, were killed by Vietnamese soldiers and police who raided a Chinese refugee settlement near the border. Ten others are said to have disappeared.

The Agency said today that several hours after the attack Vietnamese troops armed with pistols, grenades and stones stormed Pan Nien hill, which overlooks the road which crosses the border at Friendship Pass.

Chinese officials, they injured nine, the Agency said. The Agency said the presence of the Vietnamese had angered the Chinese army. Western diplomats said Peking was thus signalling to Hanoi that the Vietnamese would be forced out if necessary.

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Ghana's cedi devalued by 38 per cent

By Our Foreign Staff

GHANA HAS announced that the cedi has been devalued by 38 per cent against the dollar and that other measures to revive the country's ailing economy are under consideration.

The new rate of the cedi is quoted as 2.78 to the U.S. dollar. A brief statement carried by Ghana News Agency from Accra yesterday said the Government now accepted that the cedi—which was effectively devalued by some 20 per cent in two stages a few weeks ago—must be amenable to market forces.

It is not clear whether the devaluation is at the behest of the International Monetary Fund (IMF) whose economists have been in Ghana this month.

However, there is no doubt that Ghana's economy is in a serious state, with inflation reduced at over 100 per cent, a large deficit on trading account, stagnating production and external debts estimated at some \$1bn.

But Ghanaians are sceptical of the advantages of devaluation: a 48 per cent devaluation resulted in the overthrow by the army of the civilian Government of Dr. Busia in 1975, while the subsequent army regime has presided over the serious economic deterioration of the last few years.

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New Israeli peace formula hint

BY OUR FOREIGN STAFF

ISRAEL may present a new formula for resolving the crucial West Bank issue when the Camp David summit opens in Maryland early next month. It will be based on the eight-month-old plan rejected by the Arabs, but may be softened by allowing for the possibility of some Israeli withdrawal from the occupied territory.

This emerged after a four-hour cabinet session held on Sunday to finalise the line which the Israeli team would adopt at the summit meeting called by President Carter to try to rescue the peace negotiations, which have been deadlocked over the Palestinian issue.

Mr. Menahem Begin, the Israeli Prime Minister, refused to reveal any details of a possible new formulation after the cabinet meeting. He said that he would be presenting his West Bank peace proposal again, because "this is the basis for negotiations."

The original plan offered limited self-rule for the Palestinians of the West Bank and Gaza Strip under permanent Israeli military rule. Recently the cabinet has offered to consider some withdrawal from the West Bank, but only if the Arabs are prepared to give up their demand for total Israeli withdrawal.

The Prime Minister did not refer to his recent suggestion of a partial peace deal with Egypt, but it is believed that this is one of the options which will be presented at the summit by his team, which will include Mr. Moshe Dayan, the Foreign Minister, and Mr. Ezer Weizman, the Defence Minister.

The Israeli objectives at Camp David will be to reach agreement with Egypt and the U.S., to submit Israel's plan for concluding peace treaties with her neighbours and to ensure the continuation of the negotiations between the parties.

This last point seems to be the most immediate Israeli concern. Officials in Jerusalem constantly stress that no major international conflict, such as the Middle East issue, can be solved in a few days of talking. Probably the most that the Israelis hope for is to overcome President Sadat's previous objections to negotiating in the absence of a pledge by Israel to withdraw from all Arab land occupied in 1967.

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WORLD TRADE NEWS

Rotterdam loses in bid for major gas terminal

BY CHARLES BATCHELOR

HOLLAND HAS decided to site a liquefied natural gas terminal at the new harbour of Eemshaven in the north-east of the country in preference to Rotterdam. The cabinet decision comes after an intense campaign by both harbours, local authorities and the trade unions.

The project still depends on successful negotiations with the West Germans over navigation and border questions and on the approval of Parliament in The Hague. Announcing the decision, Mr. Dries Van Agt, the Prime Minister, said he did not expect any difficulties with West Germany, through whose waters the gas tankers will sail.

Eemshaven has been chosen because the terminal will stimulate other industries which would otherwise not be prepared to go to the north-east of the country. Mr. Van Agt said it was "an extremely difficult choice."

Government policy in recent years has been to encourage economic activity in the less well developed east of Holland to relieve pressure on the overcrowded west.

The choice of Eemshaven, a recent development which has had difficulty in attracting industry, is a blow for the major energy harbour of Rotterdam. Europe increasingly threatened. Oil imports have declined in recent years and Rotterdam is seeking alternative activities.

Rotterdam seemed the strongest contender for the new gas terminal on the grounds of its deeper harbour entrance, sophisticated radar installations and diverse industries. But it emerged in recent months that Eemshaven was a serious rival for the north-eastern province of Groningen said it would be an important stimulus to industrial growth in the area.

AMSTERDAM, August 28.

in favour of Eemshaven because of the jobs which would be created in an area of high unemployment. Other groups supported the port because, unlike Rotterdam, it is far from large concentrations of population and the risk of an explosion causing heavy casualties is smaller.

Gasunie, the national gas distribution company, was in favour of Rotterdam because it is near many large industrial customers. The terminal will be used to receive 800m cubic metres of LNG from Algeria in the years 1984-2000. Under the contract signed in June 1977 Holland must inform Algeria by November 1 where the gas is to be landed.

Rotterdam officials described the decision as a blow for the city and port while spokesmen for the north-eastern province of Groningen said it would be an important stimulus to industrial growth in the area.

£5.7m Saudi order for Britain

By Lorne Baring

MASSEY FERGUSON, the Canadian-based agricultural equipment manufacturer, has won a £5.7m order for tractors and farm machinery from Saudi Arabia, almost all of which will be supplied from British factories.

This is the largest single order the company has ever won from Saudi Arabia, already a major customer which has embarked on a massive agricultural development policy which is generating great demand.

The present order for 900 tractors and 1,600 items of equipment has been placed by E. A. Juffail, of Jeddah, Massey Ferguson's Saudi Arabian distributor. The tractors will be MF 165 and MF 135 models which will be built in Coventry.

Mr. Hugo Vajk, MF's executive vice-president for Asia, Africa and Australasia, said that the order reflected the Saudi Arabian Government's drive towards greater agricultural production.

"The Government provides credit for farmers to buy agricultural machinery and this is all part of the Government's effort to reach the point of self-sufficiency in food production."

SHIPPING REPORT Demand for VLCCs at a standstill

By Lynton McLean

THE MARKET for very large crude carriers came to a virtual standstill last week, after a brief period of across-the-board activity.

There was a noticeable lessening of inquiries for black oil carriers from all major loading areas. Ship charterers again began to dominate the market and rates were reduced in some cases, despite the absence of excess capacity on tonnage available for immediate charter.

Japan was reported to have taken another 10 VLCCs of the market as part of its storage scheme to boost freight rates. The scheme has now taken 20 VLCCs from the free market and it is likely that the Tokyo Government will shortly announce discussions for the removal of an extra 20 ships of this size early next year.

Chartering from the U.S. was dominant in the period sector last week, especially for vessels in the range 80,000 tons to 110,000 tons and 30,000 to 40,000 tons.

These were hired for short period charter to cover fuel oil trading on the U.S. coast during the winter.

There was speculation in London breaking offices last week that the dearth of inquiry for crude tankers was a result of a rise in the producer price of light crude oil.

This would have had the effect of discouraging companies from accepting the balance of allocations of a new contract price.

It was also reported that the improved rates for VLCC tonnage, now double those of two months ago, helped to make the oil companies little more than spectators awaiting a change.

Israel buys Airbus

By L. Daniel

TEL AVIV, August 28. EL AL ISRAELI Airlines has decided to buy European for the first time and the management will go ahead with the acquisition of two Airbus jets in preference to the Lockheed TriStar.

Until now, El Al has used only Boeing.

China seeks more Indian links

BY D. P. KUMAR

NEW DELHI, August 28.

CHINA WANTS to establish direct commercial contacts with India and is particularly interested in long-term contracts for Indian sugar and wheat, according to a Federation of Indian Chambers of Commerce and Industry mission which returned here recently.

In the past year or so, commercial contacts have been mainly through third countries. When China chartered Indian ships it was done through the London market and the first contract for buying Indian steel tubes was through West Germany.

The nine-member FICCI delegation which went to China at the invitation of the China Council for Promotion of International Trade, visited Peking and other major cities. Mr. P. V. Gandhi, the mission leader, said the Chinese also showed interest in entering into

long-term agreement for Indian iron ore.

Commenting on the vast export potential, Mr. Gandhi said China had embarked on a massive developmental plan in the fields of agriculture, industry, national defence and science and technology.

Mr. Gandhi said that India was in a position to offer technology and technicians to China at lower costs, more appropriate to the level of development in China. His impression was that China was making a determined bid to get into the international market and develop contacts, especially with the advanced free market economies.

Japanese loan accepted

TOKYO, August 28.

They said the agreement came during talks in Peking by an official Export-Import Bank of Japan mission led by Mr. Susumu Nakamura, which returned here yesterday.

The officials said they believe the first loan in question would be used mainly for China's oil and coal development projects.

CHINA HAS accepted in principle a proposal by the semi-official Export-Import Bank of Japan that it provide yen-denominated loans to the Bank of China.

It has also agreed that negotiations on the size and terms of the first such loan should start as soon as possible, Exim bank officials said.

Sudan and Uganda in air deal

BY ALAN DARBY

KHARTOUM, August 28.

SUDAN AND Uganda have signed an air transport agreement under which Sudan Airways will fly from Khartoum to Entebbe via Juba and Addis Ababa and Uganda Airways will fly from Entebbe to Cairo via Juba and Khartoum. The new flights will operate twice a week.

The agreement came at the end of talks in Khartoum on how to link the two countries' transport networks. Negotiations were conducted by Sudan's military Chief of Staff, Lt. Gen. Abdel Magied Hamid Khalil, and the Ugandan Minister of Communications, Lt. Col. Hussein Marjan.

At present, air traffic using Khartoum is seriously hindered by the shortage of fuel, so that very few aircraft are able to refuel there, while Sudan Airways' capacity is already badly overstretched.

Also discussed was the possibility of transporting goods for Sudan overland from Port Sudan on the Red Sea, something President Idi Amin has long seen as an alternative to Ugandan dependence on the Kenyan port of Mombasa on the Indian Ocean. Uganda's relations with Kenya have been strained.

In November 1978 the Ugandan President and three Ministers visited Port Sudan. A Belgium

joint technical committee was set up to plan links between Sudan and Uganda.

In practice Sudan has been unable to offer much overland assistance to Uganda. The country's own transport network has recently been unable to cope with the distribution of food, fuel and other essentials, causing widespread hardships.

The extra burden of moving goods for Uganda over Sudan's weak infrastructure would aggravate Sudan's own difficulties.

Sudan, however, has been handling the requests for assistance from Uganda with tact. It for Khartoum immediately the line was open.

good relations with its southern neighbour and has therefore not wished to appear unco-operative in Ugandan eyes.

Sudan has had no difficulty in pointing to its own problems. During the past four weeks heavy rains have washed away the railway line in the Red Sea hills.

The most recent washaways near Erkowit have halted all rail traffic between Port Sudan and Khartoum for several days. The damage is expected to be repaired soon, according to an official announcement which said four trains loaded with petrol and consumer goods would leave for Khartoum immediately the line was open.

World Economic Indicators

Retail prices

	July 78	June 78	May 78	July 77	prev. year	Index base year
Holland	129.7	119.9	119.8	116.0	4.0	1975=100
W. Germany	145.7	145.0	145.4	142.5	2.0	1974=100
UK	199.1	197.2	195.7	193.8	7.8	1974=100
France	199.9	197.4	195.5	192.5	9.0	1970=100
Italy	132.4	131.3	129.9	118.0	12.2	1976=100
U.S.	195.3	193.3	191.5	181.8	-7.4	1967=100
Japan	123.2	122.5	121.2	119.0	3.5	1975=100
Belgium	127.0	126.8	126.7	121.7	4.4	1975=100

Mombasa ready for new business

BY JOHN WORRALL IN NAIROBI

TALKING TO harbour officials and shipping officials round the port of Mombasa one gets the impression that all are intensely relieved that they are no longer tied to the apron string of Tanzania's Dar es Salaam.

Dar es Salaam port was the headquarters of the late East African Harbours Corporation which recently went down in the wreckage of the East African Community, and Mombasa was answerable financial and operational control centred at the Tanzanian port.

But never more will the twin Authority, a quasi-Government meet, except on equal and body set up after the collapse of the East African Harbours Corporation. Freed from this necessity to get policy agreed for the health of the port, Mombasa is now able to go ahead on its own with ambitious plans for developing the port as Kenya's ocean terminus, plus its added responsibilities as the port for the landlocked countries of Uganda, Rwanda, Burundi, and Tanzania for South Sudan and occasionally for Ethiopia. There is substantial two-way traffic with all these countries.

Also being borne in mind is the possibility that once again Mombasa could be used to help relieve hard-pressed landlocked Zambia, plagued by congestion at Dar es Salaam, when the Tanzanian border can be induced to reopen their border to allow road traffic from Kenya to move into Zambia across the roads of northern Tanzania.

Kenya lost a good deal of money when this Zambia trade, just being built up, was cut off by the border closure. Zambia was even exporting copper through Mombasa.

There was a time when Mombasa itself was showing signs of serious congestion but this is being alleviated by employing extra labour, cutting of red tape and a new experiment in keeping the port open at weekends.

The present plan is designed to effect a three-fold increase in the amount of traffic passing through Mombasa from the present average of 6m tons annually to 18m tons by the year 2000.

This is based on the rate of Kenya's current expansion, and the probability of increased tonnage to and from the land-

locked "satellites." The board of the Kenya Ports Authority has earmarked some £5m. for its 1977-83 development programme which includes major capital works such as constructing new berths and other projects aimed at increasing handling capacity and efficiency.

The programme is dominated by the building of a new container handling berth which, together with two berths already built and designed for conversion, will form a sizeable container complex.

The new berth, already in partial use, is due to be completed in June 1979. Construction work is being carried out by Lindsey Parkinson of Britain. It will bring the number of deepwater berths at Mombasa to 18.

A future refrigerated container operation is also planned to fit in with developments proposed in Kenya's horticultural industry. A container depot is to be built outside the port area.

Labour has always been a determining factor in East African port efficiency and the authority is now building a new college at the old British naval base to be finished this year, for the internal staff and employees of the Kenya cargo handling services.

Among completed and improvements under construction at the port are a new office block, more than 1,700 square metres of cold storage area to deal with Kenya's perishable exports and the rehabilitation of the old wharves at the southern part of the port. A computer has recently been installed, claimed to be the only one at an African port and a sizeable dry dock has recently been opened.

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01-493 5641.

CHRISTIAN AID invites applications from qualified accountants for the post of Assistant Accountant of the Christian Aid Fund, a voluntary organisation. The post involves the management of a department of 10 people. Christian Aid is a leading charity and has a wide range of work in the field of international development. The successful candidate will be responsible for the day-to-day running of the department and will be expected to contribute to the development of the charity's work. Applications should be sent to the Director, Christian Aid, P.O. Box No. 1, London, S.W.6.

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COMPANY NOTICES

SLATER WALKER INTERNATIONAL

7th Floor, 100, Old Broad Street, London EC2M 1JH

Holders of 100 shares, mentioned

in the notice of the 10th Annual

General Meeting of Slater Walker

International, dated 10th August

1978, are invited to attend the

meeting at 10.00 a.m. on 10th

September 1978, at the offices

of Slater Walker International, 7th

Floor, 100, Old Broad Street, London

EC2M 1JH. The Board of Directors

of Slater Walker International

Limited, 100, Old Broad Street,

London EC2M 1JH.

Notice to the Holders of Bonds

of the issue 8 1/2% 1977/1997 of

£55,000,000 made by the

EUROPEAN COAL AND

STEEL COMMUNITY

The Commission of the European

Communities announces that

the annual instalment of

bonds amounting to US\$2,500,000

has been purchased for redemption

on October 1, 1978.

Luxembourg, 29th August, 1978.

THE CONVERTIBLE BOND FUND N.V.

The Board of Directors

of the Fund, 100, Old Broad Street,

London EC2M 1JH.

Holders of 100 shares, mentioned

in the notice of the 10th Annual

General Meeting of the Fund, dated

10th August 1978, are invited to

attend the meeting at 10.00 a.m.

on 10th September 1978, at the

offices of the Fund, 100, Old Broad

Street, London EC2M 1JH. The

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HOME NEWS

Tennis stands to be raised

BY JOHN BRENNAN.

Wimbledon's Centre Court stands are to be raised three feet three inches to give a further 1,100 spectators a view of the tennis.

The All England Lawn Tennis Club's Centre Court now holds a maximum of 14,000 spectators, 4,000 in standing areas. As part of a two-year, £1.5m development, the club is adding an extra 1,100 seats.

It was decided not to tamper with the existing oval roof of the Centre Court stands, but to approach the problem from the bottom.

W. S. Try and Sons, the builder, was contracted to build new terracing behind the existing stand, and work on that was completed last year. Now, in a unique engineering exercise, Try is to jack-up each of the 24 main pillars of the stand, raising the whole structure by three feet three inches and allowing spectators on the new terracing a clear view of the court.

The tennis club, advised by its surveyors Knight Frank and Rutley, has had to wait until the end of the present tennis season before allowing work to start on the stand-raising project. Early next month, Try will move on site, wait for a period when there is no wind to blow the stand off the jacks, and raise each pillar a inch at a time.

The process will take a full 48 hours of continual raising.

Kings Reach Investments

WE ARE asked to say that the Kings Reach Hotel development referred to in our report of August 15 as having been taken over by Sea Containers Group was owned by Media Buckley Apartments, which went into receivership.

Kings Reach Investments Limited, which was responsible for the construction of the high and low-rise offices, shops and flats at Kings Reach, is operating normally.

Consumers 'in need of more protection'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A CALL for more legislation to protect consumers' interests is made today by Mr. Michael Shanks, chairman of the National Consumer Council, in its annual report.

The Council is an independent consumer "watchdog," although it receives financial aid from the Government.

Mr. Shanks says that what has been achieved so far in consumer protection has only gone part of the way to redressing the balance between the interests of consumers and manufacturers.

"The consumer movement is well aware that a point can be reached where the benefits of further legislative protection is outweighed by the excessive cost it would impose on producers and distributors, but that point has certainly not yet been reached," he says.

Much of the previous legisla-

tion had only restored the status quo caused by companies refusing to honour consumers' common law protection by relying on small print exclusion clauses.

"If some businessmen had not for many years and very successfully — penalised consumers in this way, legislation would not have been necessary," says the report.

Defective

However, there was a need for new legislation to make manufacturers strictly liable for injuries and damage caused by defective products, and the sale of unsafe products should be punishable in law.

But such product liability legislation — which already existed in the U.S. — had been strongly condemned by industry which feared that it

would lead to higher costs from such factors as increased insurance premiums and claims for damages.

There should also be greater protection for consumers from both the nationalised industries and public services. Council tenants, who accounted for one third of the population, should be given greater statutory rights.

"A tenant who has lived in the same council house for 30 years or more and never been in arrears, who has committed no nuisance and is as quiet as a church mouse, can be moved by the council to the other side of town in the interests of 'good housing management'."

There was a danger that the nationalised industries would "exploit their monopoly position and there will be less pressure for better quality, lower prices, and innovation."

£119m for school building

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LOCAL EDUCATION authorities have been given permission by the Department of Education and Science to start school building projects worth £119m in the financial year 1979-80.

The department has also announced provisional allocations of £100m for 1980-81 and £81.3m for the next 12 months. Local education authorities are now being told of their individual allocations.

The allocations made to the authorities are not grants, but limits within which building projects may start in the period specified. Most of the cost of the building will be covered by loans raised by the local authorities but their spending is substantially assisted by the Government through the rate support grant.

Of the 1979-80 allocation, most of the spending is for extra primary and secondary school places in areas of population growth and accounts for nearly £85m.

Another £11.3m is for the improvement and replacement of primary and secondary schools and nearly £15m is earmarked

in each of the three years for work aimed at the conservation of energy.

The department said: "Although the school population as a whole is expected to fall over the next few years there is continuing growth in parts of the country, for example as a result of new housing development."

"The programme for 1979-80 is smaller than in the previous year because the fall in school population is reflected in a reduction in overall basic need."

Local education authorities have been asked to tell the department by October what projects they propose to carry out within their allocations.

Mr. Wilson said that Labour and Conservative Parties had claimed that Scotland would gain the full benefit from oil even though it remained part of the United Kingdom.

The economic benefits from oil which have accrued to Scotland were not sufficient to structural living standards or the structural problems in the Scottish economy. The biggest single beneficiary would be the UK Treasury from oil taxes.

"I echo the indictment of UK governments, including your own. The substance of this report shows that in the absence of a Scottish government, London has exploited Scotland with regard to our betterment," Mr. Wilson told Mr. Callaghan.

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Building 'wrong industry for State takeover'

FINANCIAL TIMES REPORTER

CONSTRUCTION IS "the wrong industry for 'nationalisation' according to Sir Richard Marsh, chairman of the Newspaper Publishers Association."

Sir Richard says in an interview in the September edition of National Builder, journal of the National Federation of Building Trades Employers, that he cannot think of an industry less attractive to nationalisation "because it consists of too many small units."

Anything touched by the State usually ended in disaster, says Sir Richard, a former Labour Minister and former chairman of British Rail. Proposals to nationalise construction were all judged.

"Once the Labour Party was very interested in nationalising the machine-tool industry and the case against it was that there were 400 units — a fraction of the number that make up the construction sector."

If construction were nationalised, many peripheral areas involving supplies would also have to be included.

He was not aware of any great dissatisfaction with the construction industry on the part of the public and said contractors had to ensure that voters knew of the Labour Party's proposals.

"There are enough moderate Labour members who would view further nationalisation with distaste, especially nationalisation of an industry as complex as construction," Sir Richard said.

Mr. Alan Harvey

MR. ALAN HARVEY, Company Secretary of Shell Transport and Trading, has died after a serious operation.

He had joined Shell in 1945 when an internal legal service was in its infancy. He was a barrister and associate member of the Chartered Institute of Secretaries and was appointed secretary of Shell Transport in 1972.

He was also deputy head of Shell International legal division.



Mead returns to Holy Island

BY ERIC SHORT

HOLY ISLAND, off the Northumbrian coast, is famed for being the cradle of Christianity in Northern England.

The priory of Lindisfarne, as the island was known, was founded by St. Aidan and its most famous incumbent was St. Cuthbert. But monasteries were not only centres of religion, but also of learning. The famous Lindisfarne Gospels are a superb example of the manuscripts produced there.

Monasteries were also centres of industry, employing considerable numbers of laymen as well as monks in a wide variety of crafts and trades.

Bread had to be baked daily to feed the community, there was agriculture, bee-keeping and brewing too. The remains of the priory on the island show that the brewery was twice as big as the bakery. For Lindisfarne was famed for its mead.

Mead, for those who recall their school history, is a strong drink made from fermenting honey and grape juice and was introduced into these islands by the Saxons.

Mead drunk out of drinking horns was a central requirement of a Viking celebration, usually resulting in unbridled orgies.

There has always been a strong connection between monastic orders and the making of strong liquor — Benedictine comes readily to mind. Mead was made in monasteries not only to drink as a wine, but valued too for its restorative properties.

However, with the dissolution of the monasteries and the introduction of cheap grape wines, mead making all but disappeared. The old recipes for making it disappeared as well, one would have thought for ever. But thanks to the efforts of Michael Hackett, a Northumbrian of Scottish descent, this has not happened.

It was the boyhood ambition of Hackett, a wine technologist, researcher and experimenter, to revive the long dead tradition of mead making and make it on a commercially viable basis. He wanted to make mead as the monks on Lindisfarne made it centuries ago.

Research into historical records of the priory kept in family business — with himself.



Mr. Michael Hackett with some of his products

the British Museum showed the ingredients used and the proportions. Then came a great deal of experiment until he was satisfied that his recipes and the methods were as close to the original for both mead and honey-based liquor.

Why look to Lindisfarne as distinct from any other famous priory? There is no honey or grapes on the island now, though there is strong evidence that these two industries flourished up to medieval times.

The simple answer is that the water which comes from the island's artesian well is perfect for making mead and the herbs used in the process come from the island and surrounding area on the mainland. The whole process remains a closely-guarded secret in the Hackett family.

It is another matter though to produce mead in quantity on a commercial basis and Hackett's first attempt almost ended in disaster. In 1961 when already working full time in the wine trade, he managed to persuade influential Northumbrians of the business potential of his recipes, sold his own business and established mead production on Holy Island — the Lindisfarne Mead Company.

The company went hell-bent for the export market and refused to sell direct to tourists or pay much attention to building up a home base. Not surprisingly the company ran into liquidity trouble and went into liquidation at the end of 1966. End of dream for Michael Hackett — well, almost.

He was convinced that he could make the business profitable by first establishing a sound market in the UK and then moving into the export market.

He negotiated with the receiver, bought out the company and relaunched it in 1968, with himself as proprietor, under the name Lindisfarne Liqueur Company. It has been run since as a family business — with himself.

Michael Hackett has had several takeover approaches, but has no intention of changing the company from a family business. The label on the bottle proclaims that it is the world's first mead and no one has challenged him under the Trades Description Act: He intends to keep it that way.

Mr. Wilson said that Labour and Conservative Parties had claimed that Scotland would gain the full benefit from oil even though it remained part of the United Kingdom.

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COMPAGNIE FRANÇAISE DES PÉTROLES

Société Anonyme

Incorporated in France with Limited Liability and registered in Paris No. 542 051 180

NOTICE TO SHAREHOLDERS

The Extraordinary General Meeting held on 26th April, 1978 authorised the Board to increase the issued share capital up to a total amount of F 2,500,000,000. The Board decided at its meeting on 22nd August, 1978 that the issued share capital will be increased by F 267,172,550 to F 1,335,862,750 by the issue of 5,343,451 new shares of F 50 nominal each (of which 23,436 will be 'A' shares and 5,320,015 will be 'B' shares) to be subscribed in cash at a price of F 110 per share (of which F 50 represents the nominal value of each share and F 60 represents share premium).

Rights of the Shares

These new shares, which will be subject to all the provisions of the Statutes of the Company, will rank for dividends with effect from 1st July, 1978.

Consequently, in any allocation of profits which may be made in respect of the financial year which started on 1st January, 1978, these new shares would receive a net dividend equal to half that payable on the existing shares.

In any allocation of profits which may be made in respect of subsequent financial years, or in the event of total or partial repayment of their nominal value, these shares would receive the same net amount as that payable on the existing shares, with which they will rank *pari passu* in their respective classes.

Shareholders' Subscription Rights

A) The French State

By virtue of its right to maintain a holding of 35% of the share capital and to exercise 40% of the total number of votes in respect of the shares of all categories, the French State will preferentially subscribe 23,436 new 'A' shares and 1,846,772 'B' shares, out of the above-mentioned 5,343,451 new shares, at the issue price indicated above.

B) Other Shareholders

Subscription of 3,473,243 new 'B' shares, representing the balance of the increase of capital, will be preferentially reserved for the holders of the 4,200 'A' shares and the 13,888,769 'B' shares representing the existing share capital, other than the 96,545 'A' shares and the 7,384,290 'B' shares held by the French State.

The holders of these 4,200 'A' shares and 13,888,769 'B' shares will have the right to subscribe —

1. As an irrevocable right, one new 'B' share for each four old shares ('A' or 'B' shares without distinction) held, without taking account of fractions. Shareholders not possessing a number of old shares corresponding to a whole number of new shares, will be able to combine to exercise their rights, but because the Company recognises only one holder for each share, they may not make a joint subscription.
2. As a reducible right, the number of 'B' shares that they shall indicate they wish to subscribe in excess of those that they subscribe as an irrevocable right.

The shares available for subscription as a reducible right will be those of the 3,473,243 new 'B' shares which have not been taken up as an irrevocable right. The allocation of the shares subscribed as a reducible right, should the situation arise, will be made *pro rata* to the number of existing shares ('A' or 'B' without distinction) in respect of which irrevocable subscription rights will have been exercised, without taking account of fractions, and without there being allocated a number of new shares in excess of the demand.

In the case where the same subscriber presents his subscription split amongst several application forms, the number of shares which will be allocated to him under his reducible right to subscribe will not be calculated on the total of the subscription rights which he will have exercised as of irrevocable right, unless he makes a special request no later than the date of closure of the subscription period. This request must be attached to one of the application forms, and give all the information regarding the aggregation of rights, in particular the numbers of the application forms deposited, as well as the names of the organisations or agencies with which these application forms have been deposited.

Period and Place of Subscription

Subscriptions will be received without charge from 4th September to 5th October, 1978, inclusive at the branches and agencies of the following organisations —

- | | |
|----------------------------------------|--------------------------------------|
| (a) In France | (b) In the United Kingdom |
| Banque de Paris et des Pays-Bas | Morgan Grenfell & Co. Limited |
| Banque Nationale de Paris | Banque de l'Indochine et de Suez |
| Crédit Lyonnais | |
| Société Générale | |
| Crédit Chimique | |
| Banque de l'Indochine et de Suez | (c) In Japan |
| Crédit du Nord | Mitsui Trust and Banking Co. Limited |
| Crédit Commercial de France | |
| Banque Worms | |
| M.M. Lazard Frères | |
| Banque de l'Union Européenne | |
| Banque Française du Commerce Extérieur | |

The proceeds of subscriptions will be deposited with Banque de Paris et des Pays-Bas, 3 rue d'Antin, 75002 Paris.

Establishing the Right to Subscribe

- The right to subscribe must be established —
- either by the deposit of registered certificates for stamping to indicate that the right to subscribe has been exercised;
 - or by the delivery of coupons giving the right to subscribe which have been released by the registered shareholders to whom such coupons were delivered to permit them to sell their rights;
 - or by the delivery of coupon No. 56 detached from individual share certificates;
 - or by the delivery of notes issued by a bank or stockbroker relating to share certificates deposited in SICOVAM.

Payments

For each new share subscribed either as an irrevocable right or as a reducible right, there should be paid F 110 (being F 50 representing the total nominal value of the share and F 60 representing share premium).

A notice published in a journal of legal announcements of the place of the registered office of the Company will indicate the rate of allocation of subscriptions for shares as reducible rights. If any. The funds not required in respect of such subscriptions will be repaid without interest at the place at which the application was received.

Negotiability of Subscription Rights

The right reserved to the holders of the above-mentioned 13,888,769 existing shares to subscribe for 3,473,243 new 'B' shares preferentially will be negotiable. Those who dispose of irrevocable rights to subscribe will also relinquish their reducible rights to subscribe for shares in favour of the acquirer, the acquirer of such rights being purely and simply substituted in respect of the rights and obligations of the holder of the existing share in relation to both the irrevocable and reducible rights.

Listing

Application will be made for the 3,473,243 new 'B' shares subscribed by shareholders other than the French State to be officially listed on the Paris Stock Exchange, 29th August, 1978.

Notice by Subscription Agents in the United Kingdom

Payment in the United Kingdom for the new shares of Compagnie Française des Pétroles ("CFP") to be issued by way of rights must be made through an Authorised Depository (which includes banks and stockbrokers in, and solicitors resident and practising in, the United Kingdom, the Channel Islands or the Isle of Man) by means of a bankers draft in French francs.

Since the shares of CFP constitute a foreign currency security for United Kingdom Exchange Control purposes, persons resident in the Scheduled Territories will, unless utilising the proceeds of a foreign currency loan authorised by the Bank of England for portfolio investment, be required to pay the investment currency premium on taking up their rights.

Shareholders are advised to consult their own stockbroker, bank manager, solicitor, accountant or other professional adviser.

Application will be made for 3,473,243 new 'B' shares, being the new shares other than those to be subscribed by the French State, to be admitted to the Official List of The Stock Exchange in London.

A prospectus containing full details of the rights issue and information on CFP will be available in the United Kingdom as from 4th September, 1978 from the subscription agents in the United Kingdom —

Morgan Grenfell & Co. Limited
4 Throgmorton Avenue
London EC2P 2NB
29th August, 1978.

Banque de l'Indochine et de Suez
62-64 Bishopsgate
London EC2N 4AR

To Future Generations, Security



Social welfare is a subject of serious consideration in most modern societies. Man in the twentieth century accepts his responsibility to bequeath to the next generation a society better than his own. Daiwa Bank is not unique in accepting this responsibility, but Daiwa is unique in making acceptance of this role in society an integral part of their banking service.

Daiwa is the only Japanese city bank to combine banking and trust business. Daiwa is thus a fully integrated banking institution, comprising banking, international financing, trust, pension trust, and real estate business. This integration is part of our effort to fulfil our social responsibility consistent with society's needs in a contemporary environment.

a fully integrated banking service

DAIWA BANK

Head Office: Osaka, Japan
London Branch: Winchester House, 77 London Wall, London EC2N 1BD
Frankfurt Branch: Eschersheimer Landstrasse 14, 6000 Frankfurt am Main 1, F.R.G.
New York and Los Angeles Agencies:
Singapore, Sydney, Sao Paulo, Hong Kong and Houston
Representative Offices:
Subsidiary: Daiwa Bank Trust Company, New York
Joint Venture Banks: P.T. Bank Perdanania, Jakarta
International Credit Alliance, Ltd., Hong Kong

HOME NEWS

Flaring of sea gas is necessary, according to study

BY KEVIN DONE, ENERGY CORRESPONDENT

NATURAL GAS and natural gas liquids will have to be flared for months if oil production from the Shetland Islands is to be built up as planned over the next two years, says oil analyst Wood Mackenzie.

It is not allowed, especially from the Heather, Ninian and Cormorant fields, it could result in balance of payments losses in 1979 of as much as £450m, because of oil production delays, according to a study by the analyst.

Gas flaring would be necessary because of hold-ups in the building of the oil terminal and gas treatment units at Sullom Voe in the Shetland Islands.

The terminal, which is destined to become the biggest of its kind in Europe, will be handling more than half of the UK's total crude oil consumption in the 1980s.

When fully operational it will receive crude oil through two pipeline systems from seven fields, Brent, Thistle, Murchison, Dunlin, Cormorant, Ninian and Heather.

The first oil production is expected to start flowing to Sullom Voe from the Dunlin and Heather fields in the next few weeks.

However, construction of several key facilities such as the crude oil stabilisation plant and the gas separation unit will not be completed for many months.

This means that the natural gas and natural gas liquids—ethane, propane and butane—which are produced along with the oil will have to be separated offshore at the production platforms instead of at Sullom Voe.

Some will be used for offshore power generation but the rest will either have to be re-injected into the fields or flared.

The Sullom Voe terminal could be handling an average of more than 1m barrels of oil a day in 1980 building up to 1.5m in 1982.

Wood Mackenzie estimates that the total cost has risen to about £680m, including £20m for the jetty structures, and construction work is now expected to continue until at least 1981.

Birmingham seeks approval for magnetic-lift airport link

BY LYNTON McLAINE

PROPOSALS FOR Britain's first commercial magnetic levitation transport system have been sent by West Midlands County Council to the Trade Department for approval as part of a £20m airport development at Birmingham.

Approval of the £15m scheme would mean a high-speed, 500-metre link between the proposed new terminal building and Birmingham International station. Plans before the Government call for the terminal and link to be in operation by 1983 or 1984.

The council rejected alternative transit systems in favour of the commercially untried magnetic levitation system propelled by electronic linear motors. The system comprises an elevated concrete guideway, with shuttle vehicles held by a magnetic field above rails along the guideway.

The aluminium vehicles, 12 ft long, 8 ft 6 in wide, and 9 ft high, would be propelled by linear induction motors, which use magnetic fields to move the shuttle with no moving parts.

The "maglev" system has been developed by British Rail's research department at Derby during the last three years. The programme included a full-scale maglev vehicle and a 100-metre test track.

Technical development is complete. British Rail intends to transfer its technology to private industry for production. Manufacture would involve no new technology.

The Government may refuse to back the maglev part of the airport development, but the council is so impressed by levitation as a solution to its short-distance transport needs that it is prepared to fund the project itself or go elsewhere for the money.

The decision on maglev is likely to surprise many of those interested in "advanced ground transport," otherwise known as AGT.

The Government in a report on AGT in May last year said the future commercial use for urban AGT in Britain was at best uncertain. There was no con-

Blacked engines may be on way to Chile

BY ROY HODSON

THE Rolls-Royce aircraft engines belonging to the Chilean Government have probably left the UK on their way back to Chile.

Whitehall and Rolls-Royce have refused to comment on the whereabouts of the four Avon jet engines, worth about £3m, since they were removed from the Rolls-Royce works at East Kilbride, Scotland, at dawn on Saturday.

The engines were blacked by East Kilbride workers in protest against the policies of the Right-wing Chilean regime and stood outside the factory in their crates for four years.

Company representatives met Sheriff officers and Chilean officials who arrived at East Kilbride at 4 am on Saturday. Documents to prove ownership of the engines, which were sent for overhaul in 1974, were presented and the powerplants were taken to an undisclosed destination.

The Royal Air Force denied that they were at any RAF establishment.

The Parliamentary Labour Party Chile Group reacted

strongly to the news. Mr. Martin Flannery, MP for Sheffield, Hillsborough, and secretary of the group, termed the action "moonlight smuggling" and hoped the British Government had played no part in it.

The engines may have become rusty and unusable while stored at East Kilbride, according to Mr. Peter Lowe, the factory shop stewards' convenor.

He said: "There is an atmospheric indicator on the engines, like litmus paper, and when this changes colour it means moisture has got into the engines."

A year ago we were asked if we would allow them to come back into the factory and have a look at them because the indicators had shown they were in danger. It is our considered opinion that there will now be quite a bit of rust and it is possible they may not be able to use them."

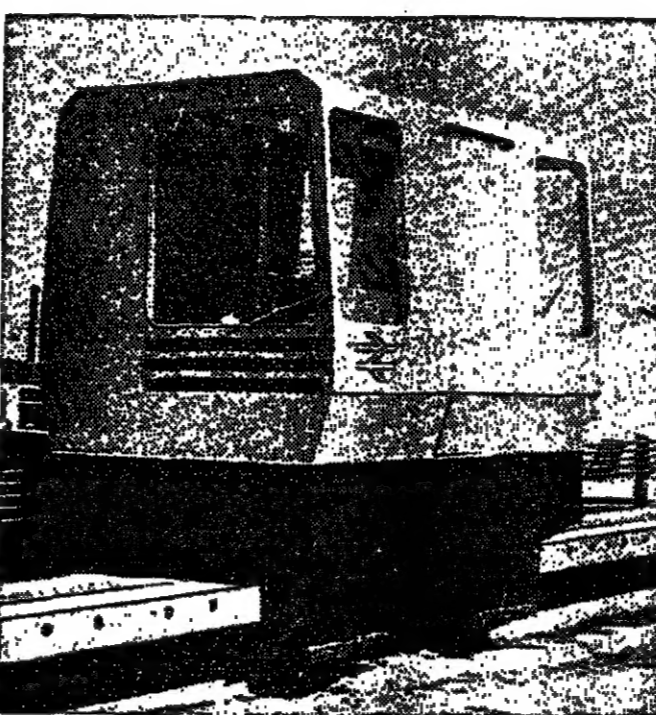
Workers at the factory appealed to trade unionists throughout Britain yesterday to black all work for Chile.

Birth control publicity

RESPONSIBLE PUBLICITY for birth control—using everyday language—should be allowed in all newspapers, on radio and TV, says a review published today by the Family Planning Association.

Wendy Smith, author of Campaigning for Choice (E.P.), says publicity should put contraception into the context "of sex, love and family security."

She examines the impact of 15 family planning campaigns (including those by the FPA, the Health Education Council, Brook Advisory Centres and London Rubber) mounted in the UK and abroad in the last 10 years, and makes recommendations for future changes to improve effectiveness.



British Rail's maglev test vehicle

Some will be used for offshore power generation but the rest will either have to be re-injected into the fields or flared.

The Sullom Voe terminal could be handling an average of more than 1m barrels of oil a day in 1980 building up to 1.5m in 1982.

Wood Mackenzie estimates that the total cost has risen to about £680m, including £20m for the jetty structures, and construction work is now expected to continue until at least 1981.

Chrysler plans expected soon

By John Elliott, Industrial Editor

THE PACE of political activity over the proposed Peugeot-Citroen takeover of Chrysler's European operations will quicken during the next few days, but no firm decision is expected from the British Government till well into next month.

There are no signs that Ministers will be ready to reach a decision early enough for Mr. Callaghan to announce it at next week's TUC annual congress in Brighton—where he is to make a major speech—and it may well be two or three weeks before the Cabinet takes a final view.

M. Jean-Paul Parayre, head of Peugeot-Citroen, is expected to spell out his company's plans for Chrysler's operations at a Press conference in Paris on Thursday.

The French Government, which has unofficially told Peugeot-Citroen that it will approve the proposed deal, is not expected to formalise go-ahead until next month.

Trade union leaders from Britain, France and Spain met in Geneva tomorrow to consider the implications of the Peugeot-Citroen offer. The conference has been called by the International Metalworkers' Federation.

Mortgage famine' call rejected

By John Brennan, Property Correspondent

A CALL for Government action to overcome a mortgage "famine" was dismissed by the Building Societies' Association yesterday.

In an open letter to the Prime Minister, Mr. John Ryman, Labour MP for Blythe and a former advocate of nationalisation of the building societies, calls for an emergency rescue operation to "rescue thousands of heartbroken home-buyers who simply cannot get mortgages from building societies today because of the chaos resulting from the continuing and chronic shortage of funds."

Mr. Norman Griggs, secretary of the Building Societies' Association, said yesterday that Mr. Ryman seemed to have overreacted to talk of a mortgage famine.

Pay deal may cause militancy surge at British Airways

BY PAULINE CLARK, LABOUR STAFF

FEARS OF renewed militancy among British Airways engineers at Heathrow Airport, London, emerged yesterday with the announcement of a new productivity deal for their counterparts in British Caledonian.

Shop stewards representing 4,000 British Airways engineers who struck for 24 hours last week, demanding parity with engineers in Caledonian, said yesterday that they were planning talks "very shortly" on the self-financing deal approved by the Department of Employment last Friday.

Before the new deal was announced, the engineers said Caledonian men were getting up to £8 more than them for working on wide-bodied jets.

If they pursue that argument, it seems likely that the new deal will be seen as creating an even wider gap between their pay and that for like work in Caledonian.

Glasgow miners in new incentives walk-out

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ABOUT 500 miners at Cadowan colliery, near Glasgow, walked out again yesterday in a resumption of a dispute over the controversial pit by pit incentive scheme.

Since the unofficial action began last week, production of 3,000 tonnes of coal has been lost. The strike is over retro-spective payments, which are made to some men but not to others. The National Coal Board said it will not negotiate.

Social work strike move

BY OUR LABOUR STAFF

LOCAL GOVERNMENT union employers' national representatives seem set to reject tomorrow an employers' request for an end to industrial action on its demand for negotiations by social workers and a resumption of pay negotiations nationally.

If the offer is again turned down, the union's social workers' emergency committee may call a strike spreading the strike to local government committees has effected Newcastle upon Tyne and the London boroughs of Southwark and Tower Hamlets.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Building and Civil Engineering

£10m awards to Laing

OVER £10m worth of contracts have just been won by John Laing. Under one award, worth £4.7m, from the London Borough of Southwark the company is to construct on the Barsest housing estate at Nunhead 144 two and three-storey houses, 59 maisonettes and 27 bungalows.

Additionally, there will be 30 sheltered homes for the elderly, nine mobility homes for disabled people, a tenants' community hall and a central boiler house to provide heating services for the estate.

Another large contract worth

nearly £4m is for a factory for Rockwool near Bridgend, South Wales. The factory will be used throughout the project.

Buildings will include a production unit with a floor area of more than 118,000 sq ft, a furnace building, binder plant, charging plant and amenity buildings and a number of minor structures, including stores and refuse bays along with associated service and site works.

Construction will be of steel and concrete framework. Cladding will be of cavity brickwork with coloured steel sheeting with internal insulation. A wide

Espley-Tyas contracts

CONTRACTS GAINED over the past three months by the Espley-Tyas Group total £5.4m. Work undertaken by Espley-Tyas Construction includes an extension to Crown Building, Beccroft Road, Cannock, for the PSA Midland Region; RAOC third generation computer building, COD, Beccroft, for the PSA, DSI Contracts, Chertsey; flats for elderly people (phase 1) at Orchard Street, Kidderminster for Wyre Forest District Council, and an extension to factory No. 2 for Shipston Engineering at Station Road, Shipston-on-Stroud.

John Morgan (Construction) has contracts for improvements to Merion Cema, Castle Martin for PSA Central Office for Wales, and 90 dwellings for Rhondda Borough Council at Hendre Gwilym, Penygraig.

£7½m homes in Midlands

UNDER A £4½m contract Holland, Hannen and Cubitts (Midlands) will build 362 homes, with roads, footpaths and car parks, for the Northampton Development Corporation, a scheme designed by the NDC's department of architecture.

Leonard Laing and Partners have designed the sub-structure while the superstructure will be based on the Rileymore timber frame method using brickwork to match local building materials.

Further two contracts from Spiral Housing Society are

McAlpine's

valued at £2.8m; at Tividale, Dudley, the company will build 128 homes of traditional construction, and at Walsley, Sutton Coldfield, there will be 117 flats built in one nine-storey and two three-storey blocks.

In the commercial area, the company will refurbish and modernise the Leamington Spa branch office and banking hall under a contract from Lloyds Bank. The work there will be carried out in five phases so that the bank can continue to operate and provide full customer services at all times.

£1.9m in south

OF TWO contracts totalling around £1.9m awarded to Sir Alfred McAlpine and Son (Southern) the larger is under about £1m for work at the Rover plant, Solihull, West Midlands, for Land Rover.

This includes demolition and removal of redundant structures and services within the single-storey structural envelope of the north end of Block 1; repairs, alterations and strengthening of the existing roof and structure; formation of conveyor pits and trenches ready for installation of a new conveyor and other associated process plant, etc., and formation of an 11 kVA cable duct for the length of, and in, the roadway between Blocks 1 and 2.

The other contract, worth £900,000, awarded by the Midlands Electricity Board, Halesowen, is for the construction of a small power station at Moorfields, Hereford, to supply electricity into the MEB's local network, and steam to local industries.

UK record

The company believes it has set up a new UK record for the laying of continuous reinforced concrete pavement at the Sandford/Trent section of the M180 South Humberstone motorway where it has laid 1,132 linear metres of three-lane carriage-way in one day.

McAlpine's SGME built the motorway in a matter of hours and the three-lane carriage-way and associated joint forming and texturing-curing spray equipment featured on this page some weeks ago.

Tawse gets harbour job

DEVELOPMENT of the third stage at Lerwick North Harbour will be undertaken by William Tawse (a member of the Aberdeen Construction Group) under a contract valued at £2.6m.

Supervised by the Arch. Henderson-James Williamson Partnership, consulting engineers to Lerwick Harbour Trust, the work will involve the construction of additional wharfage and a finger jetty.

Upon completion, additional facilities for general commercial and oil-related traffic will be provided within an enclosed dock area of over 2.5 acres which will allow safe berthing for fishing vessels.

Work on the scheme will start almost at once and should be completed in two years time.

Award to Gough Cooper

A SCHEME by Gough Cooper has been selected by Maidstone Borough Council after six contractors were invited to submit proposals for an unusual "Design and Build" project at Maidstone, Kent, consisting of 24 houses for sale and 30 old people's flats with a communal lounge.

The Maidstone Borough Council's intention with the new homes part of this scheme at Postley Farm, Broad Oak Avenue, Loose, is to give existing council tenants, and others on the housing waiting list, a chance to buy

new homes built to prices agreed by the council. Four of the houses to be built will have three bedrooms and the rest will have two bedrooms.

All are semi-detached so that each plot offers parking facilities or space for garages if owners should require them. The new homes will be built basically to two of Gough Cooper's most popular and successful private house designs, the three-bedroom "Kensington" and the two-bedroom "Hythe". Prices specified range from £14,500 to £18,950.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

DATA PROCESSING

Simplified analysis

STRUCTURAL analysis and design programs are offered by Electronic Calculus, a new UCC acquisition.

The plastic analysis system is advocated in the draft of the new Code of Practice for Steel-framed Buildings BS.58, and is being used increasingly in the construction industry. A number of multiple programs using the elastic theory are currently available, but ECL claims its new development is a considerable advance.

ECL uses the direct stiffness method and performs an elastic-plastic analysis on two-dimensional frames of any shape. An initial analysis on the unfactored loads (whereby the elastic deformations and member forces can be printed out) are followed by iterative linear elastic analyses to arrive at the

final collapse load factor. When sufficient "hinges" are formed "collapse" occurs and the total load factor is given.

Final results consist of all the information concerning hinges, deflections, member end forces and residual plastic moment capacity in all the members and support reactions.

A pre-processor to simplify the input is being developed which will be of value to teletype users, while automatic generation of geometry for standard frames is accessible after the initial input of information by the user, e.g. number of bays, bays height, etc.

The second phase of development—design check and connection program will be available by the autumn. Further from UCC, 344 Euston Road, London NW1 3BJ. 01-387 9661.

System cost reduced

BY ELIMINATING special desks and cabinets, and using standard i.e. an alpha listing of all files packaging, Pragma has cut its word-processing system to under £3,000.

The three elements are the Sykes Comm-Stor, Beehive VDU and Daisy Systems M50. 50 character/sec printer. Standard ASCII code with V24/RS-232 interface is used rendering all units suitable for use in alternative system environments.

The heart of the system, Comm-Stor II, offers automatic file handling by user assigned names, keyboard command entry or self-triggering of command strings (ideal in data logging), alpha-numeric or sequential sorts, 852 3471.

Takes care of portfolios

AN EXTENDED and improved version of the INVEST investment management computer system in use with such organisations as Prudential Assurance and the Guardian Royal Exchange Group, is to be launched by CMG (City of London).

INVEST II will be available through CMG as a bureau service, or in package form for sale to companies to run on their own machines. The object is to computerise as much as possible of the routine work of investment management and accounting, and to provide accurate, up-to-date information for decision-making.

The predecessor is handling some £150m of Stock Exchange investments at the moment.

INVEST II has been designed to run on any medium-scale

computer system with a standard Cobol compiler regardless of make, such as ICL 2900, Univac 9400 series, or IBM 370 range of equipment. During conversion it was extended to cater for remote batch entry and report production for both the in-house and bureau user.

Use of INVEST II on CMG's bureau service will be worthwhile to the smaller organisation wanting to take advantage of powerful computer facilities without installing their own machine. Access to the system may be gained through a computer terminal installed in the client's own offices and linked by PO telephone line to CMG City's data centre.

CMG (City of London) on 01-481 3861.

COMMUNICATION

Answering units—a new source

A NEW entry into the telephone answering machine market has been made by National Panasonic via its UK distributor, Teletronics of London.

Teletronics points out that the unit, PB-900E, can be obtained conveniently from office equipment suppliers, eliminating the need to go to a special telephone answering company. Minimum daily rental is 45p.

Among the facilities offered by the unit are a message skip button which enables the user, once he has heard all he wants of one message, to skip to the start of the next, and a choice of three outgoing messages to suit different times and situations.

Message location is also simple—the user turns a dial to any message from callers that he wants to hear again; there is no need to search backwards and forwards through the tape.

There is also an "answer only" function that allows information to be given without inviting the caller to leave a message.

Teletronics is at 9 Connaught Street, London W2 3AY (01-262 3121).

SOFTWARE

A new Data Logic

FOLLOWING THE acquisition of software house Data Logic by Cossor Electronics earlier this year, Cossor's parent, Raytheon Company, has announced that it has been amalgamated with Raytheon Cossor Data Systems to form a new unit capable of a total system approach in data processing.

This new single unit will retain the name Data Logic and will officially come into operation on September 1 with an annual turnover in excess of £12m. It can therefore be regarded as a relatively significant new force in the UK computer industry.

Managing director Alan Thomas points out that the new unit is in a position to tackle the supply and support of peripheral and terminal systems, consultancy, software, complete systems, communications products and word processing.

The organisation is to operate as five divisions, each with its individual objectives for sales, profits and future development. After five years the turnover is expected to reach £30m.

More from 320 Ruslip Road, East Greenford, Middlesex UB8 9BH (01-878 9111).



Sealing pouches of seed at The Plant Breeding Institute, Cambridge. The machine, supplied by Whitehall Machinery of Bristol is preset to apply, automatically, the correct pressure and heat to produce a crimped

heat-seal to the pouch of the required high integrity. The special foil/laminate pouches are stored, after sealing, in deep freeze cabinets and are expected to help preserve the seeds for at least 40 years.

costs are critical, since the central sound absorbing pod is removable. With a particular application in the heating, air conditioning and building services industries, the silencers, which are available as standard in ten sizes, have spanned even a mineral wool infill and an inner case of perforated galvanised steel.

A member of the recently formed Eurovib Group of Companies, Sharland is at West Way House, St. Thomas Passage, Winchester, Hants, SO23 9HT. Winchester 61833.

The design is of all-spiral construction providing a continuous seam formed under pressure which ensures total resistance to air leakage with a resultant improved acoustic performance over conventional silencers.

Spiral construction also provides improved rigidity with the attendant reduction in the risk of damage either on site or in transit. Perhaps the most notable feature of the silencer is that it has a Class 1 fire rating in accordance with the British Standards Institute, the Greater London Council and the Fire Research Station and is capable of withstanding temperatures of up to 600 degrees C.

The design is of special value in design space where storage space is at a premium and where freight

costs are critical, since the central sound absorbing pod is removable. With a particular application in the heating, air conditioning and building services industries, the silencers, which are available as standard in ten sizes, have spanned even a mineral wool infill and an inner case of perforated galvanised steel.

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SAFETY

Microwave oven

THE ORGANISATION in this country responsible for the measurement and assessment of radiation dangers of all kinds—the National Radiological Protection Board—has said that as a result of a television programme on August 21, a large number of enquiries have been received about possible danger to the eyes of people using microwave ovens.

It is almost certain that fears are arising in the minds of the public at large because the word "radiation" is now being associated with radio waves in a way that was once reserved for penetrating emissions in the X-ray and gamma ray spectra. In fact, the higher frequency radio waves and microwaves are quite easily stopped by metal screens and cannot escape from enclosures such as microwave ovens that are properly designed, and not damaged.

The same is not, of course, true of X and gamma rays and it seems likely that more effort is needed at official levels to make the difference clear.

The NRPB says that its own experiments have shown that power levels of hundreds of milliwatts per cm² applied for more than an hour can induce cataracts in animals. At lower densities, for example several tens of milliwatts/sq cm, they could not be induced—and an oven made to British Standard 5175 (1976) will not cause exposure at higher levels than 5 mW/sq cm.

It is emphasised by the Board that because exposure decreases inversely with the distance from the source it is "highly unlikely that the domestic use of such

ovens—given that they are in good condition—could injure the eyes."

An oven is obviously damaged the situation may be different. However, many environmental health departments of local authorities are now equipped to monitor ovens and the home and manufacturers will also give advice.

If an oven is damaged—particularly in a way that opens up gaps in the enclosure—advice should be sought.

The NRPB is at Harwell, Didcot, Oxon OX11 0BQ (02358 600).

Safety at work

THE MACHINE Tool Trades Association has issued further code of practice on safeguarding machine tools. The third in a series of seven, it is concerned with safeguarding broaching machines and like the two previous codes, which covered sawing and cutting-off and grinding and honing machines, it sets out to eliminate or minimise the dangers arising from mechanical hazards of the machines and the working processes.

"Code of Practice for Safeguarding Broaching Machines" costs £5.00 (incl. p. & p) direct from the MTTA at 62 Bayswater Road, London W2 3ZF.

OFFICE EQUIPMENT

Executive clear digit machine

quick visual confirmation. Casio Electronics, 38, Scrutton Street, London, EC2A 4TY. 01-377 9087.

Print from desk-top machines

DECIMO—maker of the range of Vatman calculators—has added two further models for the office. Vatman VPR27 and Vatman VPR256 are both simple to "keyboard" programme, employ inexpensive plain paper tally rolls and have print-out and large green display windows.

The large programme facility (256 steps) of the VPR256 has 2,000 hours protection in the case of mains electricity power cuts by inclusion of inbuilt nickel-cadmium rechargeable batteries as standard.

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IN BRIEF

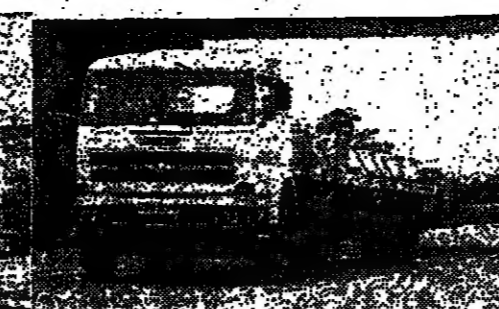
- Nearing completion on Telford Development Corporation's Stafford Park Industrial Area (Salop) new town is another standard factory project at a cost of £388,576, under a contract awarded to Turfitt Construction Company.
- The Bank Mall, Iran is to have a London home in December when W. J. Watson Construction completes the refurbishment and fitting out of a seven storey building at Moorgate in the City under a contract worth £729,000. Work here includes the building of a vault and vault doors in the basement, granite flooring and walls.
- Taylor Woodrow has a major contract from Townsend Thoresen Properties for the erection and completion of an eight storey office building at 185-192 High Holborn, London, W.C1.
- Williams (Hounslow) has awarded a contract to IDC of Stratford-upon-Avon for the design and construction of a new amenities building at the company's synthetic styrenes manufacturing complex at Hounslow for £384,000.
- Mears Construction has received a contract valued at more than £1m from the Property Services Agency of the Department of the Environment for work at RAF Waddington in Lincolnshire. This involves the construction of 21 earth-covered reinforced concrete storage igloos, three emergency water storage tanks together with associated roads, services and fences.
- West country building and civil engineering contractor E. Thomas has been awarded a £440,000 contract at HMS Raleigh, Torpoint, near Plymouth, for Phase IV of the redevelopment there, consisting of earthmoving and landscaping of 23 acres and the construction of all-weather playing areas—football pitches, hockey pitch and five tennis courts, together with associated roadways, car parks, drainage and lighting.
- The Highland Regional Council has awarded a contract at more than £400,000 to Alexander Hall and Son for the erection of a children's centre at Leachlin Road, Inverperth.

Invest in 50.0

Investment in 50.0 is a new concept in investment. It is a new way of thinking about investment. It is a new way of looking at the world. It is a new way of seeing the future. It is a new way of understanding the world. It is a new way of living. It is a new way of being. It is a new way of thinking. It is a new way of seeing. It is a new way of understanding. It is a new way of living. It is a new way of being.

The Management Page

EDITED BY CHRISTOPHER LORENZ



IN THESE days of systemised corporate management, Fiat sticks out like a sore thumb.

Even by Italian standards the motor giant's accounts present an extraordinary puzzle, since they are split between such a large group of unconsolidated operating divisions that no one outside the group knows how much money it really makes.

Its organisation is equally confusing, with a huge product range covering a vast variety of business—car, trucks, machine tools, steelmaking, tourism and many more. And the group is dominated by one man in a way which is unparalleled anywhere else in the industry. Even Henry Ford cannot quite muster the authority which flows from Giovanni Agnelli, the chairman of Fiat.

Revolution

But for some time Agnelli, and his younger brother Umberto, Fiat's managing director, have been conducting a revolution in the company's affairs, which should in effect reduce their influence, taking power away from the centre and making the group behave more like an up-to-date diversified motor company.

Giovanni Agnelli's influence lies partly in his unusual personal presence, a mixture of hard-headed realism, charm and intellectual grasp which would have done credit to a Renaissance prince. But it is underpinned by the central position which the family has in the affairs of Fiat. About 30 per cent of the group is owned by the Agnelli interests through IFI, a holding company which is also involved in businesses as wide-ranging as Bantam books and Cinzano. Giovanni and Umberto make up two-fifths of the Fiat management committee.

Today, both of them have been forced by Italy's prevailing terrorism to retreat into such a cocoon of security that they have an added air of remoteness. When they do appear, they are surrounded by bodyguards, and if they travel through Turin, the cradle of the Red Guards, it is always at speed and in force.

The idea of their revolution is to turn Fiat into a fully-fledged multinational with a much more conventional accounting system, management structure and—this is hoped—public image. The accounts will be fully consolidated (turnover is the only consolidated element at present), management control further decentralised and the 11 business divisions set up as autonomous profit centres. Emphasis is being placed on looking for new business outside



Umberto Agnelli

the highly integrated Fiat structure.

One of Fiat's senior executives describes these changes as "an effort to get away from the bad old Italian image. We are trying," he says, "to show that we are an international company organised to do business in an international way."

In a wider context, the changes can be seen as part of a general move within the European industry to develop multinational organisations big enough to rival the large American groups—Mercedes, Volkswagen and Renault are all developing in the same way.

But in Fiat's case the process has been made much more urgent because of the particular problems Italy faced following the Yom Kippur war. "In Italy the automotive industry was hit more than in other countries because we had a larger increase in gasoline prices and much higher taxation," says Giovanni Agnelli. "We had no flexibility of labour, unlike countries where they import labour and can shed it during a crisis. So employment was stable and we had to make huge efforts to export."

Challenges

These commercial challenges led directly to the present programme of reorganisation. With the car industry inevitably heading into a rougher period, Agnelli decided to put a much greater effort into the other parts of the Fiat empire. But this involved improving the management of these divisions, and giving them greater independence from the overriding interests of the car operations, which at that time accounted for about 70 per cent of the group's activities. "Until about four years ago," says an executive, "the group had a monolithic structure. It was very big and very bureaucratic and very slow to take decisions."

The break-up of this monolithic structure has now been virtually completed. It has

How Fiat's two princes are modernising their empire

involved the establishment of individual companies in the place of divisions, with the responsibility to manage their own affairs and to go out and seek new business away from both Fiat and Italy. With management "free to identify their own solutions," there has been a rapid move away from the position in which most of these companies were chiefly suppliers to Fiat's vehicle industries.

Fiat executives claim that this new freedom of operation among the divisions was the main factor behind the remarkable expansion of the group's business last year. Turnover in this period grew by 24 per cent from L8,270bn (\$11bn) to L11,450bn (\$13.6bn), even though car sales remained fairly static. The declared profits of L83bn (\$74.8m), which refer only to Fiat SpA, mainly the car side, probably underestimate group profit by two-thirds—and they certainly underline the point that a great deal of the growth must have been coming from the non-car interests and overseas.

"Steel used to work 80 per cent for Fiat," says an executive. "Now 50 per cent goes to the international market. Machine tools are exporting 75 per cent of production. And IVECO, the truck company, has emerged as the first truly European group."

But having gone thus far in restructuring the company along the lines of a modern multinational, the question is where Fiat will go next. Two main ideas seem to dominate Agnelli's thinking. This first is to create a really European market, with truly pan-European companies. The second is to turn this market into a firm base for strong and large-scale European enterprises capable of taking on both the big U.S. groups and the burgeoning Japanese.

Both of these ideas came together in the creation of IVECO, the paradigm Fiat concept. This group, registered in Amsterdam, was put together from Fiat's own truck interests, plus UNIC in France and Magirus Deutz in Germany, with Fiat owning 80 per cent and Klöckner-Humboldt-Deutz 20 per cent.

It is a pan-European organisation, with manufacturing facilities in all three countries now fairly well

rationalised into discreet product lines. It is also broadly enough based and big enough to pose one of the two main indigenous European challenges (the other being Mercedes) to the growing weight of Ford and General Motors in the commercial vehicle sector.

Despite his almost obsessive proselytising interest in the European cause, Agnelli has become increasingly aware in recent years that the creation of similar organisations to IVECO may not be possible in the car sector.

National political interest in car companies is so great that large-scale international mergers will be extremely difficult to engineer.

Because of this, his interest is turning increasingly to co-operative ventures, whether in components, vehicles or research.

Most of his potential European rivals are probably not as keen on these ideas: they point to IVECO, and Fiat's emergence in unquestionable control of that group at the expense of Magirus, as an example of what can happen to anyone who becomes entangled in the Fiat rhetoric. Nevertheless, Agnelli has probably done more than anyone else in the European industry to concentrate minds on the scale of the challenge being posed by the overseas vehicle companies today. The fact that American companies account for 30 per cent of European vehicle production, and a large if unquantified amount of component output, all of which is being integrated with U.S. manufacturing facilities, is now beginning to provoke a series of competitive moves from Continental producers.

Fiat has inevitably been at the centre of several of these developments. It has been the driving force, for example, in the new combined light diesel engine plant in southern Italy, which has brought it together with Alfa Romeo and Sevel, the Renault truck subsidiary. It is also working with Volkswagen on gearboxes, and is in an advanced stage of talks with Daimler-Benz on a new joint heavy duty automatic transmis-

sion for urban buses. More recently it announced plans to build a new small van plant in southern Italy in conjunction with the French group, Peugeot-Citroën.

These projects fit in with an overall Fiat strategy of consolidating about 80 per cent of its assets on the European Continent. In the foreseeable future, at least, its major overseas investment looks as though it will be confined to Brazil, where it has had a more difficult time establishing itself than it had hoped. Instead of large-scale direct investments, the main activities overseas will be aimed at direct exports

that they transfer technology which is then used in competition with the West. The Fiat answer is, first, that they have helped to establish the company as an international name—"before Tagliero we were just a small Italian company; after it everyone knows us"—second that it produces orders for machine tools and a variety of other products, and third that the developing world should be encouraged to establish a motor industry anyway.

These arguments come back to Fiat's concept of semi-self-contained Continental trading blocs in the world vehicle manufacturing industry. A decade or so from now, it believes, there will not be a great deal of scope to export cars to many parts of the world. New countries will be entering the market, and many of these will constrain imports to protect their emerging industries. The best opportunities, therefore, will lie in exporting technology.

At the same time, these trends will impose considerable pressure on relatively open, free-trading areas like the EEC. This is why Fiat has consistently argued a strong case against Japanese imports to Europe—it believes there is a 10 per cent limit on the



Giovanni Agnelli

Japanese market share—and why it is also pushing the case for European rationalisation. It is also the reason why Fiat's main investment in cars is going into Europe—or Italy to be more precise.

At present, cars account for about 40 per cent of Fiat's total business. But a large proportion of the group's three-year L8bn (\$3.6bn) investment programme will be dedicated to car activities in a shift back to the heartland of its business. "There has been a feeling around that Fiat had lost its affection for automobiles," said Giovanni Agnelli, at the last Turin Motor Show. "But that is not true. The automobile has gone through a difficult period, but it has always had our best attention."

The recently announced talks with SEAT, under which Fiat will either merge with its Spanish associate, or take a larger stake, will presumably form a part of this strategy. A deal would certainly help to put Fiat back into a front-running position in the European

car manufacturing league. Overall it is aiming for about 6 per cent of the European market, against 5.7 per cent today, and 60 per cent in Italy, against 50 per cent. There will be a new model every year for five years, diesels throughout the range, and a further effort to improve the troubled Lancia subsidiary, which has lost about \$300m since it was bought for virtually nothing in 1968.

Clearly, the way Fiat manages these car activities will be the key item in the company's success in the next few years. Both the Agnelli brothers are patently putting a great deal of personal backing into their belief that the Italian industrial structure can be held together. Their conversation constantly underlines their political commitment to Italy and they patently feel that developing Fiat's image will do a lot for Italy's international standing as well.

A sizeable portion of the investment will be ploughed into new technology for producing cars with the aim of revitalising the Turin car interests and improving the performance of the Italian factories. The fact remains that Fiat is still, at heart, an Italian company. "Certainly the political situation is worrying," says Umberto Agnelli. "But this is more a civil preoccupation than an economic one. It is in our interests to increase the possibility of developing overseas. But the most important part of Fiat will remain in Italy, and we cannot think of splitting investment abroad from our Italian base."

BY TERRY DODSWORTH

1918 "Taisho Marine" 1978



President's Statement A. HIRATA

The Japanese economy during the year under review experienced a difficult time due to the stagnation of economic activities in general and the failure of the economy to pull out of a long recession. Personal consumption along with private capital investment remained at a low level and the value of the yen continued to rise rapidly despite various monetary and financial measures taken by the Government to stimulate business activities.

Nevertheless, this report will show that your Company achieved a good business record despite the difficult economic environment. This achievement is the result of the long-standing and excellent reputation of your Company and the positive business policies introduced by Company management. We are grateful to you, our shareholders, for your most generous support in helping us to achieve favourable results.

From now on the Japanese economy is expected to overcome its present difficulties and to take powerful steps forward towards the fulfillment of greater national welfare and a more prosperous international community. During this process the social role of the insurance business will become increasingly important in stabilizing living standards and in supporting the smooth development of widespread business activities.

We fully realize the social responsibility of insurance and are determined to make further efforts to promote our business in order to meet the needs of society. We will also work towards improving services to our clients and towards achieving a higher efficiency in all aspects of management.

It would be greatly appreciated if you, our shareholders, continue to render your utmost support to the Company in the future.

Business in General

In the fiscal year 1978, ended March 31, 1978, the Japanese economy failed to come out of a long recession although the Government took various monetary and financial measures to stimulate business activities. Putting a damper on the economy were the continued low levels of personal consumption and private capital investment. In addition, exports, which had been on a relatively high level in the first half of the year, faced an adverse situation in the second half due to the sharp rise in the value of the yen.

Although the general economic situation remained rather dismal, your Company achieved a good business record by improving services, by expanding and strengthening sales and service networks with the opening of new branches and offices, and by more effective management together with further economies in expenses.

The total net premiums written were U.S.\$819,055 thousand, an 11.4% increase over the previous year. Total assets were U.S.\$2,526,750 thousand, an increase of U.S.\$243,332 thousand. The net income for the year under review was U.S.\$49,823 thousand.

Hull

The year 1978 was a very difficult one in the hull insurance sector due mainly to the serious recession in marine transportation and the resulting

decrease in newly built ships. However, we expanded our business activities and successfully managed to maintain the same net premium level that we had attained in the previous year. The loss ratio was slightly higher than in the previous year.

Cargo & Transit

The recession unfortunately caused some severity in the field of Cargo and Transit insurance by keeping the level of imports low. This was made worse by the decrease in foreign currency premium income which resulted from the rise in the value of the yen. However, your Company maintained the same level of net premiums written compared to that of the previous year due to efforts made in expanding business. Furthermore, the loss ratio showed a slight decline from the previous year thanks to extra measures taken to prevent and minimize loss.

Fire and Allied Lines

Demand for fire insurance were sluggish in industrial circles. However, we managed to record a 9.8% increase in net premiums written in comparison with the previous year. This was brought about by improvements in our policies and the cessation of new demands in personal lines of business.

Automobile

There was only a small increase in the total number of automobiles registered in the year under review, but we were able to record a 15.3% increase in net premiums written. This was largely due to a boost in insured values compared with the previous year, brought about by the active sale of "private automobile policies" combined with other vigorous business activities in this category of insurance.

Compulsory Automobile Liability

Although there was only a very slight increase in the total sales of automobiles, we recorded a 14.2% increase in net premiums written over the previous year. This increase was achieved through positive sales activities.

Other

Liability insurance together with Surety Bond and Personal Accident insurance recorded favourable gains. Other insurances as a whole recorded a 17.0% increase in net premiums written. The loss ratio showed a marked improvement over the previous year, reducing to 13.3%.

Overseas Business

As in the previous year, we continued our endeavours to strengthen and expand our sources of overseas business. As evidence of this, we have opened new liaison offices in Seoul, Korea and Melbourne, Australia. Satisfactory growth and good records were also shown by our business in the United States, Europe and the Near and Middle East.

Investments

The general situation concerning investments was the most severe that it has been in recent years due to the deterioration in earning power for most enterprises, the marked drop in interest rates, and the decline in demand for capital by firms. However, your Company's investment income, net of investment expenses, was U.S.\$65,686 thousand, as a result of both an expansion in investments and the flexible operation of funds centering around bonds.

☆ BALANCE SHEET (as of 31st March) ☆

Assets		Liabilities and Stockholders' Equity			
	(Dollars in thousands)		(Dollars in thousands)		
	1978	1977	1978	1977	
Investments	\$1,929,773	1,781,814	Losses and claims	\$ 244,927	224,955
Cash and cash items	87,036	63,232	Unearned premiums	410,527	349,027
Net premiums receivable			Investment deposits by policyholders	225,427	184,705
and agents' balances	100,723	90,291	Accrued income taxes	485,495	456,400
Property and equipment,			Other liabilities	237,288	226,195
net of depreciation	147,641	116,585	Stockholders' equity	923,086	842,136
Deferred policy acquisition costs	95,818	80,027			
Other assets	165,759	151,459			
Total	\$2,526,750	2,283,418	Total	\$2,526,750	2,283,418

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August 1978

BL versus the giants

BY GEOFFREY OWEN

ANYONE WHO suggests that the way to solve the problems of BL (as we must learn to call British Leyland) is by merging it with another company is likely to be laughed out of court. It is arguable that most of the group's difficulties stem from the ill-conceived merger between Leyland and BMC in 1968; to make it even bigger—through, for example, the absorption of Chrysler UK, as some trade unionists have suggested—would seem to be sheer folly. Yet there must be apprehension within the company and the Government that over the next few years BL will be thoroughly outgunned by the giants of the world motor industry. The Peugeot deal with Chrysler, Renault's plans for cooperation with American Motors and, above all, the towering strength of the big American and Japanese companies—all this makes BL's position look rather precarious.

Economies

It is possible that Peugeot, like Leyland in 1968, has underestimated the task of integrating Chrysler's European operations and that the French company will be a weaker competitor as a result of the deal, but it would be rash to count on that. Just what Peugeot intends to do with Chrysler may become clearer later this week, but the basic argument is that by achieving greater economies of scale it will be able to compete more effectively against the two countries which pose the biggest threat to the European motor industry—the U.S. and Japan.

General Motors has begun to push sales in Europe of its U.S.-built cars, which are increasingly competitive in price and performance. While the volume of direct exports from the U.S. may remain small, the convergence in design between American and European small cars is likely to confer advantages on those companies which are strongly based on both sides of the Atlantic. General Motors has the further advantage of a stake in Japanese cars through its minority stake in Isuzu, some of whose vehicles are sold through GM's distribution network. In developing countries like Brazil, which may become a more important factor in the world market, General Motors, Ford, Volkswagen, Fiat and others are well placed, whereas BL has virtually nothing, at least on the passenger car side.

So where does BL go from here? Some say it should drop out of the volume car business and turn itself into a BMW. But

Weakness

An immediate objection is that BL can hardly contemplate any such venture while its internal affairs are in disarray. It needs more time to let the management settle down, to rationalise the wage structure and to modernise the model range—otherwise it will be negotiating from a position of weakness. This is all very well, but perhaps the hoped-for improvements will not materialise, perhaps the new models will be too late for the market and in a few years' time BL will have less to offer a prospective partner than it does now.

As last week's deal between Rank and Toshiba shows, the Japanese do not insist on majority control of joint ventures. It is possible to imagine an arrangement whereby, say, Nissan or Toyota injects systems and technology into Longbridge and Cowley, handles the sale of certain BL products in Japan and cooperates with BL in third-country markets. The industrial logic is clear and so, from the Japanese point of view, are the political advantages. Will British pride stand in its way?

U.S. Open starts new era

TONIGHT the world's richest tournament, the U.S. Open, enters a new era. After spending 60 of its 96 years at the West Side Tennis Club in New York's once fashionable borough of Queens, the Championships have moved 31 miles north to a splendid \$9.5m custom-built site in the middle of Flushing Meadows.

The spacious, 16-acre site, already well decorated with shrubs, offers tremendous possibilities to the New York public who will be able to hire the facilities at reasonable cost of all but the 60 days of the year.

TENNIS

BY JOHN BARRETT
NEW YORK, August 28.

when the U.S. Tennis Association will stage its events.

Less attractive is the view of La Guardia Airport whose main runway lies not two miles away to the north-west. It remains to be seen whether the movement and noise from low-flying aircraft—which at times appear to be heading for the stadium itself—will be a major distraction.

Certainly Cliff Drysdale, who is due to play the defending champion, Guillermo Vilas, tomorrow night, if the Argentine left-hander has recovered from a stomach virus and a sore shoulder, was on the point of retiring from the tournament after experiencing the conditions in a practice session 10 days ago.

The fact that this former president of the Association of Tennis Professionals is still competing must be reassuring to Slew Hester, president of the USTA, whose vision and determination are largely responsible for the completion of this ambitious project on time.

All the world's leading players

are gathered in New York to must overcome the giant American Victor Amaya who so nearly beat Borg in his first match at Wimbledon, before facing the vastly improved young Argentine José Luis Clerc, who has come from nowhere in four months to a No. 13 seeding.

Then it will be either Eddie Dibbs, the No. 2 seed, or the

zestful, fast, young Jimmy Connors, who alone of the 128

men has any prospect of being successful on all three surfaces.

The winner against Ken Rosewell in 1974 and again in 1976

against Bjorn Borg, he must look forward to another fateful meeting against Borg, the favourite, in the final.

The U.S. Open is the one big

Swede's crown and, again, this year, the competition represents the third leg of the elusive Grand Slam.

Already champion of France

and Wimbledon, Borg—if he wins here—says he then intends to

compete in Melbourne on grass in December. The last player to

complete the Grand Slam was Rod Laver who won for the

second time in 1969.

In draw order the seeds fall

out like this. Borg, provided that he can get past Mark Cox

in a potential third-round match, will play the No. 12 seed Harold

Solomon in the 16th round.

Mexico's Raul Ramirez has one

of the toughest opening rounds

against the improving Australian

John Alexander and could face

either the British No. 1 or No. 2

Susan Smith or John Lloyd.

More curiously, two other

in the opening round.

Ramirez is due to play

the No. 16 seed, Arthur Ashe, for

whom there could be an

intriguing clash, round against

his young 15-year-old protégé

Yannick Noah—whom he discovered in the Cameroons on his

first tour to Africa when the boy was 12.

Below them Vitas Gerulaitis, the No. 4 seed and local hero,

built up over the world's No. 1 Chris Evert.

The Florida girl, winner of

this title for the past three years,

is seeded 3—something she rarely experiences—and she will

be determined to re-establish herself at the top of the world

game.

Virginia Wade, seeded three,

comes fresh from a tournament

success last Sunday against

Kerry Reid in Bergen County, New Jersey, and these two are

seeded to meet again in the

quarter-finals here. The winner

should play Navratilova, whose

quarter contains no body more

formidable than the Australian

left-hander, Diane Fromholtz,

who is seeded number six.

In the lower half, last year's

surprise finalist, Wendy Turnbull, seeded four, has two tough

opponents to overcome—Kathy Ebbingsham of Germany and

Flavia Pennetta of Romania—

before facing the heavy game

of Holland's Betty Stove, the

number seven seed.

This assumes that Stove comes

through her quarter where, one

of the five British direct entries,

Anne Hobbs will be trying to

make her mark.

The bottom section could produce

an intriguing quarter-final

between the fifth favourite,

young Tracy Austin, and the

Dallas girl, Anne Smith, who

fancy will account on these

courts for the fourth seed,

Marise Kruger.

The determined Smith will be

anxious to prevent Austin from

assuming her title as the most

promising of the younger American

stars.

Evert should come safely

through to a quarter-final against

the 12th seed, Regina Marikova

of Czechoslovakia.

Of whatever outcome of this

year's championships, one aspect

admire the courageous expansionist

attitude of the U.S. Tennis

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Hat-trick hope for Sound Type

IN CONTRAST to yesterday's entertaining Moté and Chandon featured card, this afternoon's Epsom programme is very much non-vintage material. Nevertheless, from a betting point of view there might be two or three worthwhile propositions.

In the day's feature event, the seven-furlong Heathcote Nursery, I have no hesitation in going for the fast improving Sound Type, Dunlop.

Swinging Trio, a chestnut colt by Swift, out of Speed's smart daughter, Algara, has shown notable promise on both his appearances despite looking some way short of concert pitch. Sea Chimes, another chestnut caught my eye when finishing a respectable sixth behind Caracat at Brighton.

Sea Chimes, closely related to the brilliantly fast Deep Diver, was handicapped by having no rival to race with on the far side at the seaside course and he might be the one they all have to beat in this apparently modest event.

Ryan Price, responsible for three winners on the corresponding card at a year ago, has quite a good chance to pick up the Redhill Maiden Stakes through Gauguin. When that race was divided last season Sandford Lass did the trick at 7-2 in the first division.

Sound Type, a beautifully made half-sister by Upper Case to those useful performers, Phyllis Ayres and Smash, opened her account in workmanlike rather than impressive fashion when getting the better of AH Glorious, the subsequent Redcar winner, at Beverley last month.

Since then she has won a clear-cut victory over Northend at Yarmouth, where the remainder were easily shaken off.

Sound Type, a handiwork who is sure to be ideally suited by this tricky, cambered track with its deceptive slope to the far rails, can complete the hat-trick by leading from start to finish.

In the other two-year-old event here, the Ladas Maiden Stakes, more than a furlong shorter than the Nursery, much interest has

been taken out of the race through the absence of Baci, Pit Your Wits and Jagatek.

In the absence of that trio, the closing stages might develop into a duel between two well-bred colts who have both promised to open their accounts within the last few weeks. These are Swinging Trio, trained within a stone's throw of the course by John Sutcliffe, and Sea Chimes, the Arundel challenger of John Dunlop.

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Gambling in electronics

ONE OF the persistent weaknesses of British industrial policy has been the desire on the part of successive Governments to keep up with the world's leaders in virtually every branch of technology. Considerations of national prestige, together with a reluctance to depend on overseas suppliers for supposedly key components or machines, has led, among other things, to a concentration of Government research and development funds on sectors where the UK has no comparative advantage and where the chances of a commercially viable operation are small. Instead of relying on the commercial self-interest of the companies directly involved, the Government has spent large sums of money trying to improve the workings of the market, usually with very disappointing results.

Great growth

The same process looks like happening again in electronics. There is no doubt that this is one of the great growth industries of the next few years. Technology is advancing in a rapid and unpredictable way, mainly as a result of developments in integrated circuits and large new markets are being created in both industrial and consumer products. The UK has a sizeable electronics industry and it is entirely reasonable that the Government should want to encourage its growth. Such encouragement may take the form of support for research and development, policies to increase the supply of qualified manpower and the use of Government purchasing in a way which encourages producers and users of integrated circuits to invest in advanced technology.

Creating a climate in which U.K.-based producers of electronic components and equipment are encouraged to expand is one thing. Direct intervention, to reduce dependence on outside suppliers or to (iii) what are thought to be gaps in the market, is quite another. The history of the U.S. electronics business shows how easy it is for companies, even well-established and successful ones, to be caught out by investing in the wrong technology or by failing to anticipate changes in the market. Yet the U.S. electronics industry is

immensely strong, because the climate has encouraged entrepreneurs to take risks and to invest in innovation. The actual and potential world market is huge and there is a wide variety of ways in which companies can obtain a share of it. In the UK there has been discussion for several years over the possible need for an indigenous source of standard, mass-produced integrated circuits, a field in which the leading U.S.-owned companies, and a lesser extent Philips, have had a commanding position. British companies like Plessey and Ferranti have concentrated mainly on specialised circuits for specific applications.

Speculative venture

One argument is that as integrated circuits become more complex and versatile, equipment manufacturers will need closer interaction, either within their own organisation or at least within the country, with the component suppliers. According to a NEDO report published earlier this year, "it is desirable that there should be some UK-owned volume production of multi-application devices, where it is commercially sensible to do so." It is not clear what significance should be attached to UK ownership, but if the investment is to be "commercially sensible," then it is presumably something which the companies in the business can decide—and finance—for themselves. GEC has taken the decision to form a joint venture with Fairchild of the U.S., just as Philips a few years ago acquired an American manufacturer of integrated circuits.

Given the nature of the business, a large commitment of public money to a particular company or technology seems dangerous and potentially wasteful. Yet this is what the National Enterprise Board is proposing to do with its investment which involves in effect, backing a group of American scientist-entrepreneurs. It is a speculative and costly project. If it gets into trouble, one can easily imagine the pressure on the Government to go on supporting it, as it has done with other high-technology projects. There is a role for the Government in supporting the electronics industry, but gambling with taxpayers' money is not part of it.

Trudeau's plans for growth

MR. PIERRE TRUDEAU, the Canadian Prime Minister, undertook at the summit in Bonn to put his country on to a 5 per cent growth path. If he does not get it, it will not be for lack of activity. At the beginning of August, barely back from Bonn, Mr. Trudeau surprised everyone, including a few ministers, with television broadcast in which he undertook to make economies of \$200m in federal spending. The target later crept up to \$240m, including cuts of almost \$10m made before the summit. On the face of it, that does not sound like the standard economic stimulus. But what matters in this particular context is Mr. Trudeau's undertaking, as he put it, to remove the heavy hand of government from many sectors—in other words to transfer resources to private industry.

Next phase

At the same time, Mr. Trudeau promised a freeze on the number of people in the public service. There was a special reason for this. In the last round of wage inflation, it was the public service unions that made the running. With wage controls running out after a three-year period of incomes policy, the Government is afraid that the same pattern may be repeated.

The next phase of Mr. Trudeau's plan for growth was announced last week by Mr. Jean Chretien, the Minister of Finance. One of the main elements was the proposal to concentrate the benefit of family allowances upon families with incomes of no more than \$15,000, and to give increased assistance to the needier among the country's old age pensioners.

Phase Three of the overall economic strategy is yet to come, but is expected to consist of a \$31bn stimulatory package, which the Liberal Party and its Measured against a federal budget of about \$48bn, these are large amounts. Yet economists remain sceptical about the prospects for achieving the 5 per cent growth rate.

Last year the increase in GNP was 2.7 per cent, rising to an expected 4 per cent this year. One obvious reason is that the devaluation of the Canadian dollar to around 87 U.S. cents, coupled with the strong performance of the U.S. economy this year, deserves much of the credit for this year's improvement in Canada. But now expansion in the U.S., with its overwhelming importance for Canadian exports, seems likely to slow down.

Oil price

Canada may therefore be in a situation where the proffered transfer of resources and the prospective stimulus to demand are insufficient to take business investment out of the doldrums. In the important field of energy what Mr. Chretien said could even have the opposite effect. He announced that the increase in the domestic oil price by \$8 to \$13.75 a barrel, which was planned for January next, would not take place then. Oil shares promptly went down and there is a danger that the pace of exploration could slacken to the detriment of the Canadian energy balance. Mr. Chretien also announced a deregulation of the price of natural gas, no doubt hoping that it would fall since, for the moment at least, there is a glut. In both cases, the motive is clear: consumer prices have been rising more quickly than in 1977 and Mr. Chretien's moves will counteract that in the short run.

Oil apart, the Trudeau strategy is what Canadians call conservative with a small "c," to distinguish it from the programme of the main opposition party, the Progressive Conservatives. The trend has been there to see for some time and it seems to fit the mood of the country. To judge from the latest opinion polls, the slump which the Liberal Party and its leader suffered in popular esteem early this year has been largely, though not completely, reversed—and Mr. Trudeau will have to call an election by next spring at the latest.

Selling and setting papers by computer

BY JOHN LLOYD

AMERICAN newspapers are the product of the modern city—"as a very long way along the road of change from the mechanical production to production based on the computer and the microprocessor. The early indications are that the effects of this changeover are less to be found in increased speed (which is minimal) or even in lower levels of manpower (which is considerable), but in the very function and content of the newspaper, the way in which it is regarded by its readers and the way in which it regards itself.

These are the conclusions of Mr. Anthony Smith, a BBC TV producer-turned-media academic, who has gained some public prominence as the man behind the recent Government decision to back the Open Broadcasting Authority as a suitable supervisor of the fourth TV channel. Mr. Smith thinks that elements of American newspaper practice may sooner or later be introduced in Britain, though in a greatly modified form. Further still, he thinks that most journalists are merely re-typers of material, that the days of the "epitaphic correspondent" (a journalist whose name appears at the head of his story) are numbered and those of the "librarian editor" are at hand, and that the printing unions are fighting a desperate rearguard action which will suffer the fate of most rearguard actions.

Mr. Smith's conclusions gain interest at a time when the New York newspapers are on strike because their printers refuse to accept the reduction in manning which the new technology (now installed) demands, at a time when Fleet Street is still caught in the deadlock over the new processes which has bedevilled it for years, and at a time when, later this week, Express Newspapers will announce plans for new titles.

Demographic shifts

Mr. Smith's observations on the American scene are contained in a long discussion paper prepared for the German Marshall Fund of the U.S., under the auspices of the International Institute of Communications, and published in the *Journal of Intermedia*. The American Press, Mr. Smith argues, has a particular problem: the cities on which the great papers were based were undergoing enormous demographic shifts. "We watched Chicago not away right up to our leading eyes before we actually realised what the death of the central city meant to us," one of the two remaining Chicago newspaper publishers told Mr. Smith. What it meant was the end—or at least the substantial dilution—of the newspaper's role as "the intellectual instru-



A Video Display Unit: it enables a journalist to type out and edit his story for use in the new computerised printing techniques. But it can also be used to call up onto the screen material stored away in the newspaper's files or coming in on matters related to the story in hand.

ment of the modern city"—as Max Weber, the German sociologist, put it. Mr. Smith puts it in this way: "City life defied the nature of the 'event,' the raw material of newspaper journalism. The newspaper presented in its pages images of success and failure, the nirvana of society prestige, juxtaposed with accounts of the abyss of crime into which the city dweller could fall."

Now, however, the American city is "an interlinked network of town and suburb... a total megalopolitan construct which contains within it all that its inhabitants seem to require for work and leisure, business, entertainment, education and culture." The more affluent are part of suburban communities: the "inner city"—often a euphemism for the urban blacks or Puerto Ricans—is perceived merely as a set of problems threatening at any time to become a crisis.

At the same time, a series of complementary shifts changed the advertising bases of newspapers. Over the past 20 years or more, large chains of supermarkets have progressively replaced the tens of thousands of one-branch shops which previously served their communities. These chain stores, often dominating a large area in any given suburb, demand heavy but intensively local advertising media: local radio and TV stations, giveaway "newspapers" with a minimum of editorial copy slotted between the ads, newspapers that are local rather than of the big city. For a big suburban store in Chicago to advertise in the Tribune is, perhaps, as to 99 per cent a waste of effort.

At the same time, home delivery of city evening papers became an increasing headache as these papers' subscribers moved farther and farther away from the city centre. Distribution departments found that they could not get the paper to readers' homes by around 4.30 pm—the peak time for evening paper reading—before the late afternoon news barrage on radio and TV got under way.

Hence the success of the suburban-based dailies, and weeklies in the U.S. in recent years, and hence the crisis of the U.S. big-city papers. They have attempted to deal with it by quite extensive change. "They have learned to envelop their readers, changed through their life-styles are, with a whole range of special material. Many papers now produce supplements on food, recreation, hobbies, sport, business affairs, each with complementary advertising. Many are putting out zoned supplements of local news, financed by full-page ads from local stores keen to attract relatively tiny pockets of households. There has been a tremendous growth in the delivery of pre-printed advertisement sheets inside the newspaper proper. Mr. Smith says 15 per cent of

the total retail advertising of the Washington Post now consists of pre-prints.

The need for these extra supplements means extra labour and newspaper costs. Newsprint doubled to \$300 a ton in the early 1970s. The newspapers that have invited increased bulk means larger distribution costs. Some U.S. newspapers are so heavy that their distributors cannot use children to deliver them.

Into these complex problems is, or can be, greatly changed. Mr. Smith accepts the conventional point that the ability of replacing lead type-setting with TV and radio to give instant computer-set columns of type and photocopying, it offered more and more of greatly analysis and in-depth investigation by several authors. He cites the Washington Post's handling of the Hanafi (Black Muslim) siege in 1977, in which 50 journalists—editors, sub-editors and reporters—were involved in handling 330 columns of copy published on the next morning. Such a project, he says, "taxes the existing technology (of input, composition and printing) to bursting point."

Storage of and access to editorial information on a computer means that both the Washington Post, have not day's news from a variety of sources, and the material which

fund of knowledge which can be used by both the advertising department and editorial departments. The implications are staggering, as Mr. Smith observes.

"We are talking about the ever more precise pinpointing of tiny pockets of readers with specialist interests. Plateless printing or cheap plate making solves the production problems of satisfying these small markets. As soon as automated stuffing machines (folding in pages aimed at specific groups of readers) can move with the same speed as the printing press, selecting the bundles and individual homes for chosen specialist items, the problems of distribution will be solved as well."

Democratic societies

Mr. Smith ends in apocalyptic mode: "The functions of the press as a fourth estate demands that the newspaper is a complete social presence: not just a channel for someone else's information." But by dividing society into "income groups" for the purposes of advertising, with a natural bias towards high-income groups, Mr. Smith says "the new technology and the new perceptions which surround it are preparing mass society for important and perhaps undesirable internal partitions which may place great strains upon the self-image of democratic societies."

America is not there yet. Will Britain ever be? In private discussion, Mr. Smith cites a number of European barriers in the effects he describes: ● The "retailing revolution," and the fragmentation of the big cities, has not occurred in Britain and Western Europe on the same scale as in the U.S. ● European newspapers, especially those on the Continent, fulfil important party political functions, which is of secondary importance in the U.S. ● National distribution, especially in Britain, is comparatively efficient.

● Union resistance to change, including the journalists' dislike to being reduced to being "librarians" will act as a brake on change.

Yet there are similarities. A British mass circulation popular newspaper depends on maintaining high circulation for its existence. The "quality" papers depend equally heavily on a high advertising revenue. Since circulations show a general tendency to fall, both have a constant need to make themselves more attractive to advertisers. It may be that they will find that they need the computer more to pinpoint sectors of their audiences than to modernise their printing techniques. The "custom built" newspaper could happen here, tastes and hobbies, represents a too.

MEN AND MATTERS

Burns returns to the stage

When Jimmy Carter eased Arthur Burns out of the chairman's seat at the Fed last March, it was hard to believe that the crusty pipe-smoking guardian of the currency during the past seven years would be content to spend the autumn of his days lecturing at Georgetown university. A prestigious job, maybe, but not exactly in the front line, even for a 74-year-old.

The only question was whose blandishments would prove the hardest to resist. Yesterday brought the answer. As from next week, Burns is to be senior adviser to Lazard Freres in New York and Paris on "a wide range of financial matters, with special emphasis on international activities."

Whatever else Burns brings to Lazard's it will not merely be an understanding of what the Fed was up to but also one of what it is cooking today. The reason for this is that, though Carter acted because he did not like Burns' outspoken views, the

wry joke in Washington is that the main change introduced by the new chairman, Bill Miller, is to ban smoking at Board meetings.

Miller has espoused the very policies on interest rates and inflation whose advocacy cost Burns his job. Does Burns approve? Speaking from the farm in Vermont where he is spending the summer he said this weekend: "Bill Miller deserves good marks. He recognises that the Fed must bring the money supply under control and that we need a more conservative fiscal policy."

The last act by Burns as chairman was to offer the White House some unsolicited advice on how to help the ailing dollar, including selling gold and borrowing from the IMF. Five months later Carter is just coming round to heading what once seemed a voice from the past.

Incentive trip

Barnabus Titus has left us. For five weeks in the United States and Britain he was wined and dined by business—and occasionally hounded by the media, spots. Further, they have at least on the other side of the permanent labour staff in their Atlantic. But this weekend he flew back to the more mundane 3,500 young people in the year reality of the engines and petrol to April.

The South African Embassy Industries to ask their views on firm assured me that "life is such programmes they sounded looking up for black business-men." However debatable this may be, for Titus at least it seems there is a definite catch which he may have to relinquish his new-found business after a certain period. The idea is to give others a chance. There is also a further irony. Transkei businessmen can be free.

Winning friends

For once a White Paper which is gripping reading—but then it is printed not in London but in Islamabad. The White Paper on Misuse of Media is described by the Pakistan Embassy as a "shocking picture of the use of pelf and power by former prime minister Bhutto" to browbeat, vilify and distort, and to "capture the minds of men." Well, the dictionary tells me, was replaced by "filthy lucre" in 1500. As for the White Paper, this is equally informative about the techniques used by a man whose "thirst for self publicity was as unquenchable as his megalomania infinite."

Some of the techniques were a touch on the clumsy side. In 1975 the Pakistani authorities were angered by an article in the Economist alleging there were then 38,000 political prisoners in their country. Their attempts to correct this included a mail campaign. But the Economist was not impressed by most of the 40 letters being typed by the same typewriter—and many signed with the same pen. "Gross ineptitude" commented one of Bhutto's advisers.

But publication of the White Paper does not mean that all is rosy for journalists in post-coup Pakistan. The Intelligence Bureau still keeps its files on newspapermen up to date and three journalists were flogged this summer for protesting at restrictions on the press.

Convenience art

Following the success of invisible fish—sold in attractively tinted water—the Americans have achieved another notable first. A San Francisco reader tells me a gift shop in his neighbourhood is advertising "Decor for your smaller rooms—Static Mobiles."

Observer



"Just looking to see what there is to keep Tories glued to their seats."



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August 28, 1978

FINANCIAL TIMES SURVEY

Tuesday August 29 1978

NIGERIA

PART ONE

PART TWO WILL APPEAR TOMORROW

Nigeria is at a critical turning point. Its military Government is planning to hold civilian elections next year, following which the army will retire to barracks after 13 years in power. Yet the country's oil boom is over and Nigeria is in for a tough few years of comparative austerity. Today, in the first of a two part Survey, Financial Times correspondents and contributors examine the broad achievements of military rule and the problems it will leave behind it. Tomorrow, they will examine the economy sector by sector. The Survey is the most comprehensive and up to date analysis for many years of the largest, most populous and potentially richest Africa state.

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NIGERIA II

Critical times ahead

By Bridget Bloom, Africa Correspondent

NIGERIA, THE "giant of Africa," has changed markedly in some respects profoundly since its independence from Britain in 1960. To most people, perhaps, the most striking changes are in the economy, where oil has turned exports worth less than £200m a year in the early 1960s into current earnings of well over £6bn, making Nigeria Europe's most dynamic African trading partner by far.

But those 18 years have left profound political changes too. Nigeria has experienced three military coups d'état; in an attempted coup its Head of State was assassinated; and the country has fought a bitter civil war. Its greatly enlarged and now politicised army has radically altered the country's federal structure, and has diminished the once great powers of many traditional leaders. And, having brought about these changes, the armed forces themselves are now preparing to return to barracks.

As articles in this Survey amply illustrate (a second section, devoted to the economy sector by sector, will be published tomorrow) Nigeria is now at a critical turning point. On the political front, the programme for a return to the rule of civilian politicians, which was announced by General Murtala Muhammed following the overthrow of the government of General Gowon in mid-1973, is within a year of completion. If all goes according to plan, political parties will be formed in Nigeria within the next few weeks and will begin to campaign for a series of elections to be held next year. By October 1, 1979, the 19th anniversary of independence, the armed forces should have withdrawn to barracks and elected civilian governments should be installed in Lagos, and in all the 19 states of the federation.

Ambitious

Yet this ambitious and exciting programme coincides with a period of economic difficulty. In the short term at least, the boom engendered by oil is over. In the past few months, as the reduced international demand for Nigeria's oil has resulted

in substantially lower earnings, federal and State government spending has been slashed. All the signs are that Nigeria is in for a tough few years of austerity, and while this may be no bad thing if it leads to a reordering of economic priorities, it could, when set against the imminent return of the politicians from nearly 13 years of political exile, pose severe problems.

It is not too much to say therefore that the country's future pattern of development could be determined, perhaps for many years ahead, by what happens in the next year or so. On the one hand, the next year could see an orderly transfer of power to an elected civilian Government which, with wise leadership, could consolidate the gains achieved under military rule and engender the sense of discipline and purpose necessary to set Nigeria on the road to real economic development and political stability.

On the other hand, however, it is possible that the carefully laid plans of the present military Government to return the country to democratic rule will for one reason or another fail; a much feared prospect is that another generation of soldiers might decide that a civilian Government was unable to govern, and should therefore be removed.

Unfortunately, what may only be very short-term political uncertainties make this an especially difficult time to write about Nigeria. For example, what happens in the next 12 months could depend crucially on which politicians—under which party labels and with what policies—will aspire to lead the country. But the politicians hands are as yet undisclosed, since the ban on all political activity in force since the first military coup in 1966, is not due to be lifted until October 1.

On the economic front, too, there are a number of immediate uncertainties. While oil production has partially recovered in the last few months, and the drain on foreign reserves may have been halted, last April's tough budget has yet to work itself right through the economy. One of the aims of the budget is eventually to

reduce inflation, currently running at 30 per cent, while yet restraining wages. Pressures are building up on the wages front; if they cannot be defused in the next year the civilian regime could be faced with a very uncomfortable legacy.

Central

Behind these immediate uncertainties, however, lies the central question: what sort of country has Nigeria become in the years during which it has been under military rule? Is it possible to draw up a balance sheet at this critical time. In order better to understand the problems which will face the country in the years ahead? The Nigerian army originally intervened in Nigeria's political affairs in January 1966, following widespread disorder in the then Western Region, which was itself partly the result of contested elections under the federal constitution negotiated with Britain. There is not much point apportioning blame for the intervention, nor for the second army coup six months later which was provoked by widespread violence in the north and which led within a year directly to the civil war.

But the political lessons of those early turbulent years are of key importance in understanding Nigeria today. The failure of the early constitutional experiments, and the consequent widespread loss of faith among Nigerians in the military. The most important of these for the future is the reformed federal structure, now embodied in a new constitution which will be the basis for next year's return to civilian rule.

In what is arguably the most important single act of the military administration, the Government of General Gowon decreed on the eve of the civil war in May 1967 the creation of 12 states to replace the former four regions. The immediate aim was to prise away the substantial minority peoples of the former Eastern Region from Ibo-led secessionist Biafra



Nigerian schoolchildren, books on head, start on the road to primary school. They have lived all their lives under a military government; what will the future hold for them, now that a return to a civilian-led democracy is planned?

—an aim which was ultimately successful and a major factor in the federal victory in January 1970. But the advocates of the new states were thinking further ahead than this. It was hoped, above all, that the division of the country into more and smaller units, each with an important degree of local autonomy but each also depending on the federal Government in Lagos, would help defuse the political tensions caused by the competition for power between the three major regions, each dominated by one of Nigeria's three big tribes.

The central purpose of the new constitution is to try to defuse these tensions. The constitution was drafted by a committee appointed by General Muhammed, and has been discussed and amended over much of the past year by a mainly elected Constituent Assembly. The Assembly concluded its substantive work in June, and although there are suggestions that it may be further amended, the final document, due to be promulgated within the next

few weeks to coincide with the lifting of the ban on party political activity.

The new constitution breaks with tradition by providing for an executive President and a two house federal legislature. It is thus much closer to the American model than to the earlier, British-inspired constitution. But the key aspect of the new constitution is that it is designed to contain the centrifugal forces which have proved so disruptive in the past. Power is carefully balanced between the federal Government and the 19 states, while there are very detailed provisions to ensure the emergence of national political parties—parties formed on an ethnic or religious basis are specifically outlawed. And to be elected the President is expected to have the support of the popular vote, at least two-thirds of the 19 States. Additionally, some of the most sensitive issues from the past, such as the conduct of elections or the census, are to be regulated by independent commissions, as are, except for the very top appointments, the judiciary and the armed forces.

The new constitution, though drafted entirely by civilians, tries to consolidate some of the real achievements of military rule. There is no doubt, for example, that the remarkable degree of post-war reconciliation was greatly helped by the new State structure, for it allowed the defeated Ibos to feel part of the federation while controlling their own affairs, in the (then) East Central State, to an important degree. (A tribute here is also due to the now maligned leadership of General Gowon, who was able to draw out a deep seated tolerance, a willingness to forgive, if not wholly forget, on the part of the majority of Nigerians which has made the civil war very largely an event of the past.) And the federal structure has also already begun to show that the new states can provide important new focal points for development—even if their spending has got out of hand in the past few years.

Workability

But in a real sense, the workability of the new federation has yet to be proved, for many of the fissiparous tendencies, still very much present in Nigeria, have been obscured by the essentially centralised rule of the armed forces. In the past, if a State military Governor was felt to be exceeding his powers, he has been removed by military headquarters in Lagos. A civilian President will be given no such powers. Thus the future stability of Nigeria will be determined by the degree to which elected politicians in particular, but Nigerians in general, can co-operate to make sure the new constitutional system works.

Here, a number of key problems arise. It is, for example, important that the politicians and electorate alike should accept that the constitution has not been imposed on them by the military Government; if, like the American constitution, it is held to be the product of the will of the people, it will clearly have a better chance of proving its durability. The military Government took considerable care, both in the selection of the original-drafting committee and in the mode of election and appointment to the Constituent Assembly, to ensure as wide a consensus as possible, and in the debates of the Assembly, such a consensus was achieved over a wide range of subjects.

However, as we go to press, there are two major issues still outstanding which, unless very adroitly handled, could jeopardise not only the constitution but the timing of the whole civilian rule programme.

Last April, the Muslim Assembly members walked out on the issue of the Sharia (Muslim personal law) appeal, which is described in a detail on page V5.

When the more worrying than anything is the fact that the last few years have taken on what might broadly be called the public service, where standards of discipline and of efficiency, whether in the administration or the police, in education or health institutions, seem seriously to have declined. Much has been written in the past—and much will be found in this survey—about the very real strains which Nigeria's oil boom has put on the country's physical infrastructure, designed for an altogether simpler and smaller economy.

Yet, despite the early recognition by Nigeria's planners that manpower, or the lack of it, could prove the greatest constraint on development, much less attention has been paid to the human strains caused by rapid economic expansion. In some areas, so widely and thinly is the available talent spread that services actually seem in danger of breaking down: a case in point is the customer-handling side of Nigeria's railways, though of much greater significance is the deterioration in standards, because of lack of Nigerian manpower, in the health and education services. Just one sign of this is that privileged Nigerians are now sending their children not only to foreign universities, but increasingly also to foreign secondary schools, so badly do they think educational standards have fallen.

In some respects, of course, such deterioration is an inevitable result of expansion, and provided the problem is recognised in time, time and money can remedy it. But in one area—that of the administrative civil service—the deterioration seems to have reached a real danger level.

The efficiency of the pre-war civil service should not be exaggerated. At the same time, the key role played by the federal civil service, in particular, in the traumatic and divisive years of the civil war should not be forgotten: had it not been for the basic cohesiveness of the civil service and the Nigeria Police, the country might really have fallen apart during those years.

Decline

The current decline in civil service morale stems principally from the civil service "purge" undertaken as part of the "new broom" approach of the Muhammed Government in the last half of 1975. Some 10,000 people were dismissed on grounds that they were corrupt, or inefficient or simply past retirement age. No doubt many who went fell into these categories; but the net effect of the purges seems to have been to undermine the independence, initiative and efficiency of the civil service as a whole. Many dismissed officers went to the private sector, and others, as morale sagged lower, have followed them, so their skills are not necessarily lost to the economy.

But the loss of efficiency and initiative in both the federal and the state services could prove of profound importance to an incoming civilian government as well as, more broadly, to Nigeria as a whole.

For if the successful operation of the new constitution will depend first on the ability of the politicians to co-operate, its longer term success will only be established if it can ensure "creative tension" between the many groups and institutions within society as a whole. A strong civil service will aid good government, stability,

but it could, if allied with the politicians, for that purpose, provide an important counterweight to possible intervention by the army.

Likewise it is important that the Nigerian Press should exercise its independence; though it has been left to operate relatively freely by the military, it has tended to regurgitate every time there has been a change of government, and while it tends to be well informed on the minutest political machinations, it is by and large sadly ill-informed on economic affairs.

A great deal, too, may depend on the trade unions—reorganised by military but still potentially the mouthpiece of the less privileged—as well as, of course, on the ability of the judiciary to maintain or rebuild its independence.

But in the next few months what matters is that there should be an orderly and peaceful transfer to civilian rule. The government of General Obasanjo has already given ample evidence of its sincerity in wanting to retire to barracks—indeed, he himself and a number of his senior colleagues have already made it clear that they will retire from the army itself. The key factor, as the months go by and the electoral campaigns inevitably hot up, will be whether the army can assure the necessary balance between greater political freedom and the maintenance of law and order. The recent reshuffle of state military governors is an indication of how the army intends to keep as low a public profile as possible during the campaigns: now called administrators, they are no longer living in the official governor's residence and all are in closer touch with troops in their areas.

Overstretched

There are some fears, as an article on security problems in general on page IX points out, that the Nigeria Police may be overstretched to cope with its inevitably more important role over the next few years. It will also be vital that the politicians co-operate with each other, and with the military leaders, to keep the electoral campaigns clean. Brigadier Shehu Yar'Adua, the Chief of Staff at Supreme Headquarters, has already said that were the politicians to stir up sectional or regional differences, the army "would descend from a fairly great height."

He did not define precisely what action might be taken, but it would be astonishing if the present military leadership stepped into annual its own civilian rule programme. The fear that this might happen is expressed by some Nigerians, but such action seems possible only against the wishes of the present military leadership. The greatest fear is that the military, no doubt under different leadership, might feel tempted to intervene once a new civilian government has been installed and is perceived to be governing badly. The past decade has shown that the armed forces as a whole reflect the tensions of the society from which they come, and are subject also to tensions of their own.

It may be too much to hope, given the compromises involved in the Nigerian political process, that a civilian government elected a year from now will be able to imbue Nigeria with that sense of discipline and purpose which is ultimately essential for its survival as a united and stable nation. But another military intervention in the democratic political process would gravely damage Nigeria's confidence and its self-respect. It would be the severest blow to hopes for the country's future stability.

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In addition to the activities detailed below, the Group now has considerable interests, in participation with foreign companies, in many of the major industries in Nigeria including:

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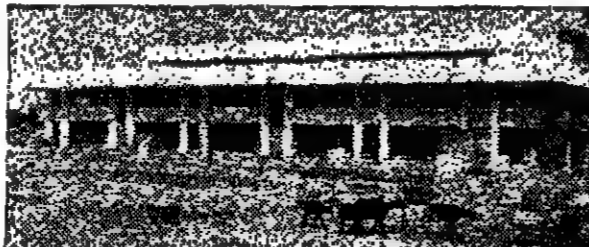
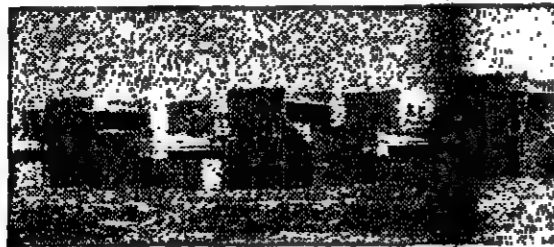
The Building Division of ADS has been developing over the past 20 years and has reached the stage where it is currently handling contracts worth more than 25 Million Naira. A workforce of over 1,500 is employed and controlled by Senior Nigerian and Expatriate Management which include Architects, Quantity Surveyors, Civil Engineers, Accountants, etc.

Notable amongst the contracts completed in the past are:

Nigerian Civil Aviation Training School — Zaria
 Defence Academy — Kaduna
 Extension to Ahmadu Bello University — Zaria
 General Hospitals at Mallumfashi, Kazaure and Dambatta

Current contracts include:—

High Court Building — Kano
 Army Barracks — Zaria
 Government Secondary Schools — Gwaram and Karayi Extension
 Federal Girls College — Kazaure
 Low Cost Housing Estate — Kano



Contracts in progress and completed.

As the value of contracts being undertaken increases, more personnel are being recruited and recently a considerable capital investment was made for the purchase of new Lorries, and Construction Machinery. The future looks bright for the ADS Building Division as new contracts are obtained and tenders of considerable value submitted.

ALHASSAN DANTATA & SONS LIMITED

MERCHANDISE DIVISION

Since its inception just over two years ago this Division has traded in building materials and household appliances, steadily building up the list of manufacturers it represents until, in KANO and environs, it can now compete with the major, long established trading houses.

The items obtainable from ADS include an extensive range of building materials such as reinforcing wire and netting, galvanized pipes, sanitary ware, fibre board, nails, wheel-barrows and spades etc. etc. More technical items include an excellent range of stereo equipment, pocket calculators, television sets, cookers, refrigerators, drinking water dispensers etc. etc.

In a high volume business of this nature, storage space is extremely important and there are several large warehouses in Kano housing the considerable stocks. Now that the name is established in this field, plans are in hand to expand into other States in Nigeria.

NAMCO NIGERIA LIMITED

GENERAL TRADING DIVISION

The General Trading Division of NAMCO is an appointed supplier to many State Governments. It imports and distributes large quantities of fertilizers for the various agricultural programmes and also imports and distributes bulk supplies of other commodities such as cement, rice and jute bags. Distribution problems are minimized through an association with NAMCO's sister companies and Sea Dantainer Lines Ltd., and in order to improve the effectiveness of distribution a large warehouse complex is being built in Kano.

MAINLINE TRANSPORT LIMITED

Incorporated in 1975, Main Line operates a fleet of 150 heavy duty trucks between Lagos and Warri and the major northern cities.

The fleet consists of 100 dry-goods trailers, 20 tankers, 15 container carriers and 5 low loaders, supported by a service team of 50 mechanics. Payloads of up to 35 tons can be handled.

The company maintains a depot at Apapa, Lagos, with which there is radio contact, and a further depot is now open at Warri. Emphasis is on teamwork, and the difficult jobs of co-ordinating, unloading and loading, and turnaround are handled by management with vast experience in this field.



Hino dump truck, model Z31 6 x 4

NAMCO NIGERIA LIMITED

TECHNICAL DIVISION

The Technical Division of NAMCO is a new engineering enterprise representing several major international companies, and offering an efficient engineering sales, service and maintenance facility to all sectors of the Nigerian Community.

Amongst the products distributed by NAMCO are generating sets, construction machinery, air conditioning equipment, portable electric hand tools and electrical contracting materials.

The major part of the business so far has been with "WARDPOWER" Diesel Generating Sets, manufactured by Thos. W. Ward Limited of Sheffield, and NAMCO has supplied standby sets, from 25 KVA to 1,000 KVA for single or parallel running, and mains failure application. These sets have been installed for industrial, commercial and domestic use—notably the 1,000 KVA Automatic Mains Failure standby set at Daula Hotel, Kano; 2 x 440 KVA Parallel Sets at Universal Textiles, Kano and 2 x 295 KVA parallel sets at Great Northern Tanning. One of the big advantages NAMCO has to offer is that it is licensed by NEPA and has a State Registered Contractors Licence, which enables the Company to offer a complete installation service.

The most recent and exciting development has been the appointment of NAMCO as an official distributor for Aveling Barford Limited, manufacturers of a wide range of construction machinery. Aveling Barford equipment includes dump trucks up to 50 tons payload capacity, graders, tractor shovels, road rollers, compactors, small dumpers and concrete mixers, as well as the Aveling-Marshall range of crawler tractors.

The Aveling-Marshall 100 HP Crawler, using either Three Point Linkage or Drawbar, and the SIMBA range of Extra Heavy Duty implements (specially designed for African conditions) should prove to be a most competitive combination for the Nigerian agricultural development programme, both for land clearing and cultivation. A demonstration is planned for the near future.

In addition to generating sets and construction machinery, NAMCO markets a quality range of air-conditioning equipment and electric hand tools from the USA, and a range of electrical equipment and contracting materials from the UK.

NAMCO is planning to open branches throughout Nigeria, including a major depot in the South. At present a new site is being developed in a prominent position in KANO, and this will include offices, a showroom, stores and workshops.



DANTATA MOTORS LIMITED

In accordance with Federal Government policy insisting on more than one distributor for Motor Cars and Commercial Vehicles, Dantata Motors has been appointed a Distributor for Mercedes Benz. The first consignment of Motor Cars has arrived and these are now being sold in KANO.

In order to cope with this recent development, trained Management and Staff have been recruited and New Workshop/Showroom premises are being constructed in KANO. Plans are also in hand to establish branches in as many States as possible in the near future.



Mercedes Benz have considerably improved the attraction of their 200, four-cylinder 2-litre saloon by adding the option of power-assisted steering. Since the new look W123 bodywork was introduced, there are also twice as many colour options now, and the choice of a diesel-engined version if required.



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Started in July 1978, Sea Dantainer Lines offers a fully containerised shipping service between Europe and Warri, where the company has its own customs-approved terminal. It offers 20-foot containers at quay-to-quay or door-to-door lump sum rates, allowing accurate forecasting of costs.

Special equipment for handling containers has been installed by Dantainer at Warri and in addition to the offices and facilities there, an office and inland terminal will be established at Kano. Warri is ideally placed for servicing the country's major towns and cities and a door-to-door service will be available, using Main Line Transport's fleet of custom-built container trailers.

Sea Dantainer Lines' general agents in Europe are Walford Lines Limited who will also provide technical and managerial assistance during the company's initial development.

Full details of the activities of each division of

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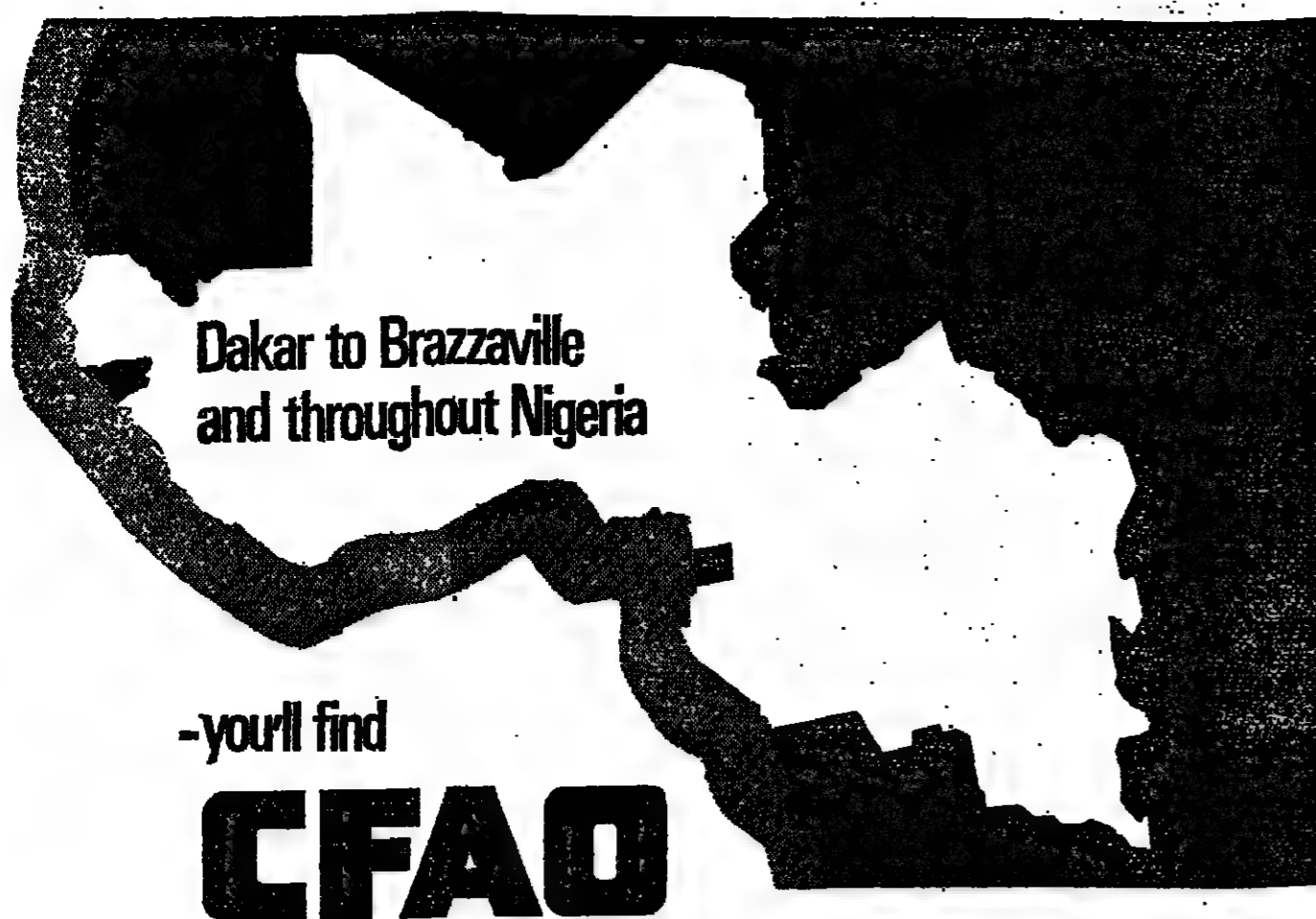
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CFAO Qualitex	—Textiles.
CFAO Structor	—Building Materials.
CFAO Moloney	—Supermarket.

CFAO Electro-Hall —General Electric, Air-conditioning equipment and Refrigerators.

CFAO Produce Department —Export of non-controlled commodities.

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	—International Tractors, Mercury & Petter Engines.
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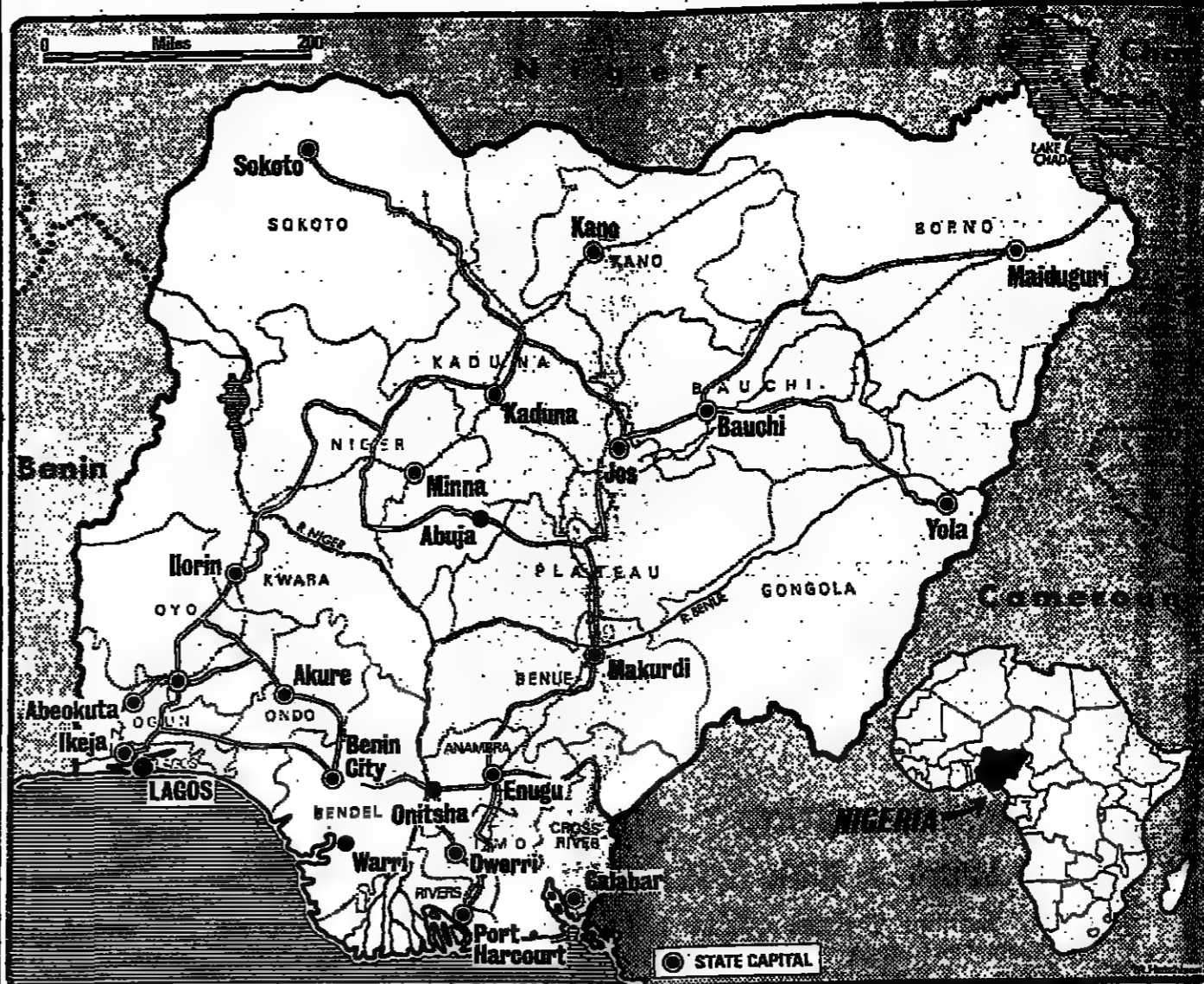
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NIGERIA IV



THE ECONOMY

A time of austerity

A short-term view of Nigeria's economy is gloomy. Oil revenue is down, inflation is high, agricultural production is stagnating and imports are too high for comfort. Development plans and State budgets have been cut back, although heavy borrowing will still be needed in spite of this. But on the bright side, the country has been forced to plan more carefully for the 1980s. Nigeria's present position is not comfortable, but neither is it alarming.

NIGERIA'S EXTRAORDINARY boom years are over and the economy is now in the throes of a tough period of relative austerity that seems certain to last at least until the beginning of the 1980s.

Nothing illustrates this more clearly than the stern budget introduced in April, when Government recurrent expenditure for 1978-79 was cut by 10 per cent in current terms over the previous year and capital expenditure by a similar amount. The budgets of many of Nigeria's 19 States were slashed even more heavily, in some cases by up to 50 per cent.

Given the crucial role played by public sector spending in Nigeria's GDP growth, the impact of the negative multiplier effect now coursing through the economy will be great.

Real GDP growth, estimated at 10.8 per cent in the 1976-77 financial year and 9.9 per cent last year, will be far lower in 1978-79. Officials are reluctant to put a figure on this year's rate, but estimates by some independent observers would put it lower than 5 per cent, possibly as little as 3 per cent.

This sharp downturn has been taking place against a background of continuing high inflation, stagnating agricultural production and, most serious in the short-term, a deteriorating balance of payments position attributable to declining oil earnings and a high import propensity.

During the first half of this year there was a very rapid run-down in foreign exchange reserves, which at the start of this month covered between two and three months' imports. Even though the Government has slashed its development programme, to finance what remains will still require heavy borrowing this financial year —N1.2bn domestically and N1.5bn overseas.

The immediate outlook, then, is not particularly bright and this article, dealing with the Nigerian economy in the very short run, will inevitably reflect this position. The introductory article to the second part of this survey, to be published tomorrow, will take a longer term view of the economy and relate it to social issues.

Positive

At this point, however, three positive points need to be stressed as a corrective to the gloomy short-term position. First, the current downturn should not be too long-lived. If, as widely expected, the international oil market does improve substantially in the early 1980s, so too will Nigeria's fortunes.

Second, the country's oil reserves and extremely low debt servicing ratio should, during these difficult days, make Nigeria eminently credit-worthy internationally. An extremely proud people, anxious to stand on their own feet, the Nigerians have adopted a very conservative approach to foreign borrowing in the past.

Third, and in many respects most important of all, the current squeeze is at least partly a blessing in disguise. There can no longer be any room for the extravagant, ill-planned and ill-managed expenditure that followed the 1974 oil boom. Nigeria now has the opportunity to cool down its overheated economy, make a careful re-assessment of its development priorities and achieve more balanced, albeit more modest, growth in the 1980s.

Indications are that senior civil servants and many members of the present military government recognise this. The shock of declining oil revenues does appear to have inculcated in them a far greater sense of realism. However, laudible in objectives, the current five year development plan, which lasts until 1980, forswore a furious rush forward on every front. In contrast, officials new talks of the next plan quinquennial being "a period of consolidation."

If such attitudes are maintained, Nigeria's long-term economic prospects should remain very bright. It is a country with immense potential, with oil reserves that should last for at least another 20 years and possibly considerably longer, a population that gives it by far the largest domestic market in Africa, and vast tracts of underutilised agricultural land.

Two caveats, however, are necessary. First, Nigeria urgently needs to boost production in its seriously ailing agricultural sector. Production of its major exports crops has declined dramatically, to the point where the country which was once a major international supplier of palm oil now imports it. Groundnuts, the country's third most valuable foreign exchange earner during the civil war, can now only be exported under licence because of domestic shortages. Food production has not kept up with the population increase and one of the most disturbing aspects of the country's external trade patterns in recent years has been the extremely sharp rise in food imports.

Secondly, while the present administration has, through bitter experience, come to a more realistic appraisal of priorities and possibilities when set against resources, that administration will be bowing out to a civilian government in October next year—a government which will have election campaign promises to fulfil. It is essential that the new administration adopts a prudent approach to expenditure. On the positive side, its hands should be tied to some extent both by legal ceilings set on international borrowing (at present N5bn) and by the present Government's loans programme.

The immediate cause of the current downturn in the economy is simple: oil production, which accounts for over 90 per cent of export earnings, over 80 per cent of Federal Government revenues and around 30 per cent of GDP, has fallen off dramatically.

This is partly because of new not be indefinitely expanded sources of low sulphur crude, similar to Nigeria's, coming on stream in the North Sea and Alaska, partly because of low year, when preparing its economic growth rates in the developed world and Western conservation measures, and in no small measure because of poor Nigerian pricing policy in the latter half of last year.

Production began to fall in July last year and reached a nadir in March, when it averaged a mere 1,621,000 barrels a day, a 33.5 per cent fall compared to the corresponding month of 1977. Since then a more realistic pricing policy has seen production rise to 1,912m barrels a day in July, just 7 per cent below the corresponding month last year, and this rate of extraction seems likely to be maintained for the rest of 1978.

Nevertheless, the Government estimates that its revenue in current terms from oil this year is likely to be nearly 20 per cent down on 1977, and that when world inflation and the loss in purchasing power attributable to the decline of the dollar are added to this, the drop in real terms will exceed 30 per cent.

Output next year seems likely to remain around the 1.9m b/d mark and no sustained rise in either prices or production seems likely until the 1980s.

Cutback

The dramatic decline in oil earnings accounts for both the magnitude of the expenditure cutback announced in the April budget and the speed with which this became necessary. (However as will be discussed below, even before the fall in

Government expenditure could be indefinitely expanded along the lines the administration had been projecting.)

It is understood that late last year, when preparing its revenue and expenditure projections for 1978-79, the Government found that existing contractual commitments for projects exceeded likely revenue by some 20 to 30 per cent. A freeze on new development projects was therefore introduced, apart from a few priority programmes, likely to remain in force for most of this financial year. To meet the revenue shortfall the Government budgeted in April for domestic borrowing of N1.5bn and offshore borrowing of N1.5bn.

Meanwhile, Nigeria's position on external accounts had been deteriorating because of declining oil revenue and a continuing high import bill.

Given the defects of Nigeria's statistical gathering service, its balance of payments figures should be regarded as approximations (as should every other statistic quoted in this article) but this appears to have been the position.

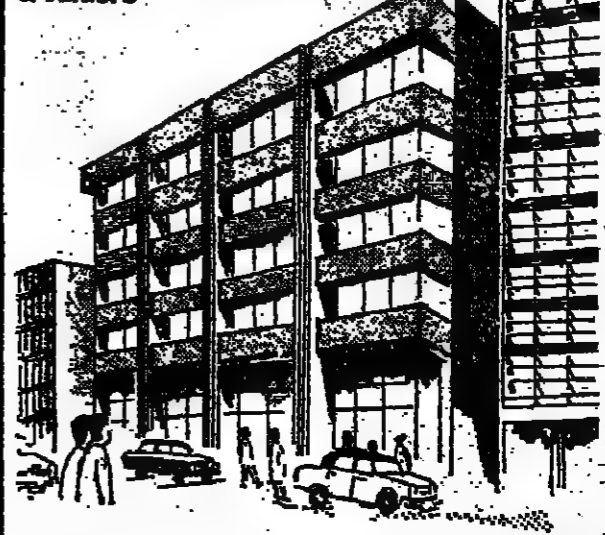
In August last year visible trade slipped into deficit for the first month in many years and further small deficits have been recorded frequently since then. Last year imports grew by nearly 42 per cent in value terms over 1976, while exports rose by 22 per cent, but the country did maintain a merchandise trade surplus of N640m in calendar 1977 (N1.3bn in 1976). This year, however, visible trade may well slip into deficit.

The overall balance of payments is also likely to be in deficit.

Continued on next page.

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NIGERIA V

A time of austerity

CONTINUED FROM PREVIOUS PAGE

ments, which moved into deficit in 1976 (N340m), for the first time in nearly a decade, deteriorated further last year to a estimated N447m deficit, 31.5 per cent higher.

Officials are reluctant to spell out the full position now, beyond saying that the overall payments deficit in the first half of this year was greater than in the corresponding period of calendar 1977. However, they hope that the year-end deficit will be kept around the same level as last year, given rising oil production, import curbs and a major inflow on capital account from external borrowing.

Meantime, balance of payments problems have meant a sharp and sudden run-down in Nigeria's external assets. Total external reserves of the central bank, which accounts for over 40 per cent of Nigeria's foreign assets holdings, amounted to N2,522bn at the end of 1977. By the end of April this had fallen to N2,176bn. There was an extremely sharp drop during May and June, at the end of the month and since then the downward trend has continued more slowly. By early August, the bank's external assets stood at about N1.3bn.

These figures underestimate the outflow, since between February and May Nigeria was drawing on its first \$1bn Eurocurrency loan, which was fully drawn by the end of May. This is a difficult moment at which to write about the balance of payments and foreign exchange, for the tide should be about to turn more in Nigeria's favour. The run-down in external assets may have been halted already.

Oil production is rising, yet the resulting increased income has not yet been reflected in foreign exchange receipts. Although officials in Lagos are somewhat puzzled, this is presumably the result in large measure of payment lags.

At the same time, imports should begin to fall shortly when the April budget starts to bite. Not only should the cutback in Government expenditure restrain imports, so too should the banning of certain commodities, the placing of other categories under import licence and the raising of tariffs on many more. Officials estimate that given pre-

budget ordering and general implementation lags, the effects of the curbs will only begin to show in September.

Certainly the budget measures seem to have had only limited impact so far. Rough calculations suggest that in the first four months of this financial year imports were running at around N500m a month. This was neither substantially below nor above the level for the months immediately preceding the budget, although significantly down on the level at the end of calendar 1977.

Officials acknowledge that if there is no appreciable drop in import levels over the next few months, even tougher curbs may be necessary.

Against this background Nigeria's external borrowing programme assumes great importance. Its most immediate priority is to secure a second \$1bn Eurocurrency loan, which it hopes to be able to draw on in October. But even thereafter the men managing the country's external accounts will have to do some neat juggling with their limited foreign exchange.

It is a sign of the times that foreign companies selling shares to Nigerians under the country's equity indigenisation programme may now have to wait for some months before being allowed to repatriate all the proceeds.

In addition to the second Euroloan, the country wants to raise N900m externally this financial year to meet its estimated budget deficit. The Government, perhaps optimistically, believes this should not be too difficult to achieve through a combination of World Bank loans, bilateral arrangements with Eastern countries, export credits, private placements and possibly some recourse to the Eurobond market.

However, most of these loans will be for specific projects and there could well be delays in the flow of cash while the Government works on detailed project programmes to present to the lenders. For example, the Government would like to borrow \$500m from the World Bank this year. It has been altering the specifications of at least one major project to suit its leading requirements and is working on numerous other project proposals. But all this takes time and it appears unlikely

that Nigeria will be able to draw as heavily as it would like on World Bank funds in the near future.

Another possibility being cautiously considered is for oil barter deals, which seem favoured by some of the major spending Ministries. However, the Government is concerned that barter should not rebound on it, reducing the open market demand for Nigerian oil. Given this hesitant approach, it seems unlikely that many, if any, barter deals will be struck with Western trading partners, although some swaps may be made with Eastern Europe.

Unlikely

As regards domestic borrowing, observers think it unlikely that the market will be prepared to take up the full N1.2bn the Government wants to raise this year through Treasury certificates and long-dated stocks.

The April budget did see a 1 or 2 per cent rise across the board in Nigeria's remarkably low interest rates (somehow overdue and, in the opinion of some observers, still insufficient given the prevailing inflation rate).

The resulting 7 per cent return on the longest dated Government stocks may still be insufficient to attract greater interest among the commercial banks, institutional holders and individuals. As in the past, the central bank therefore seems certain to have recourse to the printing presses.

A further factor inhibiting Government borrowing on the market is Nigeria's sharp swing from a position of excess liquidity to one of an intensifying liquidity squeeze—banking, corporate and institutional.

Central to the squeeze is last April's budget, which saw a ceiling of 30 per cent put on the increase in total loans and advances this year by the big banks (as opposed to 40 per cent last year); an increase in company tax from 45 to 50 per cent, combined with changes in the tax-gathering system which means that companies have lost their 15-month grace period before full payment (this year they will have to pay nearly two years' taxes in one); a requirement that importers of consumer goods pay 100 per cent advance deposit on letters of

credit to the central bank.

Liquidity has further been reduced by the Government's shortage of funds, which has been driving its partners in joint venture projects into the loans market.

All the above budget measures, together with the relaxation of price controls at a time of continuing wage restraint, were designed variously to boost Government revenues, moderate inflation, cut imports and bolster domestic industry. Clearly, there is a complicated trade-off between them, particularly as regards inflation, one of the country's most serious yet most intractable problems.

While ultimately the squeeze should have some moderating effect on inflation, this is likely to be increased in the short-term by the decontrol of prices, import restrictions and higher tariffs. Most important of all, the effects of the squeeze will be offset to a considerable extent by the Government's own deficit financing.

Nigeria has been plagued by inflation ever since the oil boom started. Official figures, which almost certainly underestimate the true position, show that the composite consumer price index for lower income groups increased by 33 per cent in 1975, 23 per cent the following year, and 21 per cent in 1977. Inflation is currently estimated to be running in excess of 30 per cent.

Devaluation

This has inevitably produced some severe production cost and price distortions in the economy. For example, it has been estimated that in some areas farm production costs have risen so rapidly that it has been cheaper to import some staples than produce them locally. In view of the increasing import bias of the economy (which the last budget will to some extent have counteracted), and the diminishing export competitiveness of many sectors apart from oil, some commentators have suggested devaluation of the naira to the Government.

This, however, is a move which the Government seems most unlikely to adopt in the foreseeable future. Officials

argue that devaluation would have little short-term impact on export earnings (given that oil sales are at a fixed dollar price), while the increase in the import bill would have immediate and serious repercussions on spending power and inflation.

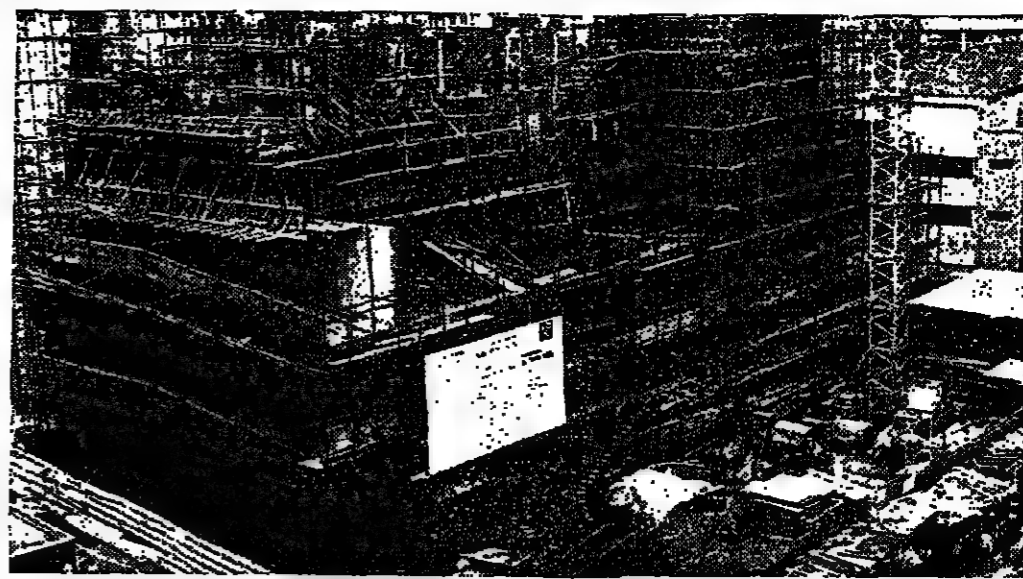
In the past, although some imported inflation has contributed to the rapid rise in the cost of living, the major causes have been domestic: hoarding, distribution problems, import bottlenecks and a big gulf between effective supply and demand. Government attempts to tackle the problem have centred on wage and price controls (which have yielded some benefits, at least in the short-term) together with commercial bank credit restrictions and, until the last budget, reduced import duties.

However, central to the problem has been the level and growth of the Government's expenditure, first by spending its oil earnings and later by deficit financing. It became a net borrower from the domestic banking system in December 76 and by March this year (the last figures available) its net indebtedness had risen to N2bn, an increase of 208 per cent over a year earlier.

Money supply rose by 73.5 per cent in 1975, 61.1 per cent in 1976 and 45.6 per cent in 1977. By last March, however, the position had moderated significantly. That month saw an increase of 25.5 per cent over a year earlier, by far the lowest annual rate of increase in the previous four years.

In past years there appears to have been a tendency in Government circles to underestimate the effects of official expenditure on inflation, but this does seem to have changed of late.

A recently published analysis by the central bank's research department argued that Government spending had accounted for 92 per cent of the increase M1 in the previous four and a half years and concluded: "The inflationary spiral in the economy cannot be slowed down, halted or reversed without a drastic pruning down of Government domestic expenditure which is financed in the current fashion. No amount of squeeze of credit to the private sector could play the trick."



The site of the new Stock Exchange building under construction in central Lagos.

By ill-luck, rather than necessarily by design, the Government has now found it necessary to prune expenditure drastically but, set against this, its borrowing requirement has increased from the N2.2bn of loans budgeted for in the last financial year to the N2.8bn required this year.

Given the shortfall in oil earnings and existing contractual commitments, it is difficult to see how the Government could have pruned back expenditure any further than it has done this year.

Insufficient

However, even without the drop in oil production, some curbs in the growth of spending would almost certainly have become necessary. As early as the middle of last year an influential team of international economists argued that, even assuming continuing oil production at around the 2m bpd mark, Nigeria needed to rein in Government expenditure and deficit financing sharply if there were not to be serious repercussions on the balance of payments and monetary stability.

On this account, therefore, the problem of rapidly increasing expenditure with insufficient controls ante-dated the oil crisis of the past year. Before long financial prudence would have dictated at least a reduction in the rate of growth of Government expenditure, if not the savage cutback in both nominal and real terms that has now been found necessary.

In fairness to the present Government it needs to be pointed out that it was burdened with an extremely difficult legacy by

the previous Gowon regime, which fell in July, 1975. In an extraordinary move which did more than anything else to fuel inflation, the Gowon administration in January, 1975, gave public sector workers pay rises averaging 80 per cent and backdated them tax free for 10 months. Trade unions demanded and won similar increases in the private sector.

Furthermore, the Gowon administration's third national development plan, inherited by the present Government, made some extraordinary rash assumptions about future revenue levels and accordingly set expenditure ceilings far too high.

When the present Government took over it reviewed the plan, cut some projects and revised the cost of others upwards on account of inflation. However, it also put some new projects into the plan and it is arguable that these more than offset the effects of its cuts elsewhere.

The vital question now is whether Nigeria can keep to the new spending limits it has set itself. Certainly, there appears to be an extremely strong determination within the Federal Government to do so, and this stern attitude seems to have been communicated to the states, traditionally free spenders which last year ran up a combined recurrent and capital budget deficit of N1.5bn.

There are two other positive points. First, since the oil boom Nigeria has always achieved a large excess of revenue over recurrent expenditure. This year, for example, it will be transferring N2.4bn of an extremely difficult legacy by

ture account. With a prudent approach to capital spending, it should not be too difficult for the Government to reduce its budget deficits in future years.

Secondly, the budget estimates tend to over-estimate Nigeria's ability to spend on capital account. Delays in project implementation have meant a significant real under-spending when compared to the estimates. It may, however, be more difficult to achieve this in 1978-79, given the sharp expenditure cutback and existing contractual commitments.

What matters is that the civilian Government that comes in next year should pursue the realistic path now being charted by the military administration and its civil servants. It will be under strong pressure to deliver in two key areas—capital expenditure and wages—and it is in the latter sphere that it might face its first major challenge.

Strong pressures are building up for a relaxation of the Government's pay restraint policy, which has been in existence now for two years.

Although workers' take-home pay has been rising (through a combination of merit increments, job reclassification and changes of employer), this has nowhere near kept pace with inflation. There is a danger of a new administration giving way to another wages explosion, with severe inflationary consequences.

The hope among industrialists is that as it prepares to hand over power, the present Government will allow a gradual and ordered relaxation of wage restraint and not present the civilians with an extremely uncomfortable legacy.

M.D.

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NIGERIA VI

THE CIVILIAN RULE PROGRAMME

A new constitution

Nigeria's ambitious civil rule programme, announced by General Mohammed in the wake of the overthrow of General Gowon three years ago, is now nearing its final stages. Within the next few weeks, General Obasanjo's Government, which has followed the Mohammed programme to the letter, is expected to announce that the ban on political parties, which has been in existence since the first military coup in January, 1966, is lifted. This will be the signal for the formation of political parties, which will then contest countrywide elections next year.

The first article in this section describes the constitution, which has been painstakingly drawn up over the last two years, first by a government appointed drafting committee, and then by a mainly elected constituent assembly. Late last month, the final draft of the constitution was sent to the Constituent Assembly members, who were asked to forward their

comments within three weeks. As we go to press, it is not clear whether the draft will be approved as it stands by the Supreme Military Council, or whether there will be amendments. This in turn is likely to affect the status of the Constituent Assembly, which was thought to have finished in substantive work when it was prorogued in June.

But so firm is the date for the lifting of the ban on political activity, and so meticulous has the Government been so far in keeping to its timetable, that the constitution is still expected to be finally published by October 1.

The second article in the section describes the plans for the elections themselves, which on present showing seem likely to take place in five separate stages, probably beginning in April next year.

The third article is concerned with those personalities and parties which are likely to emerge after the ban on politics is lifted.

The Military Government deserves great credit for careful preparation of the constitution. It is to be hoped that the authoritarianism of its approach in small but significant matters has not detracted from the nature of the constitution as a fundamental agreement of the whole society on how it is to be governed. The constitution must be seen not as an act of military dictatorship but as one made by civilians for the civil government of Nigeria, and all members of the Constituent Assembly must give it their full support as the basis for civilian rule.

The constitution is long and detailed. Its operation will depend on restraint and realism in certain key relationships, either the President or the Legislature presses its constitutional powers to the letter against the other. Government would come to a halt and a new coup would probably emerge. In Nigeria, as in the U.S., informal channels of co-operation and consultation between the President and Congress leaders will have to be established if Government is to function satisfactorily.

The electoral process has been simplified by the Constituent Assembly. To elect the President the requirement is either that the candidate in the popular ballot by universal suffrage with the highest number of votes should also have attained at least a quarter of the votes cast in two-thirds of the nineteen States, or (failing this) that the successful candidate should be chosen by the combined vote of the Federal and State Legislatures of Nigeria from the two leading candidates in the popular vote.

Everything of course depends on the fairness and competence of the Federal Electoral Commission in running free and fair elections next year to produce the President for the return to civilian rule and to continue to run fair elections every four years thereafter despite political pressures from the party in power. The Indian and Sri Lankan examples are particularly relevant here and like these successful democracies Nigeria has abandoned the old colonial system of the "multiple box" which proved so woefully easy to pervert under the first republic, and has adopted instead the system of the ballot paper bearing the candidate's name and symbol to be marked with a cross by the voter, folded over and put into the ballot box in the sight of the returning officer.

Mammoth

The Commission has just completed a mammoth registration exercise and has produced a voters list of 47m, men and women. It is quite essential that this list should be subject to thorough checks and should not contain any of those "graveyard voters" which have cast doubt on certain French elections in the past.

The control of party competition to eliminate its more divisive elements is essential. The Commission is given the function of registering political parties and thus making them meet the requirements of the Nigerian constitution came at the moment when the gains of its fairly stringent requirements of good conduct are not met. It is to be hoped also that the leaders of political parties themselves will meet informally at all levels to eliminate violent, abusive or unfair practices from

CONTINUED ON NEXT PAGE

THE DRAFTING of Nigeria's constitution for the return to civilian rule has attracted little world attention, yet it is possibly the most significant event in the history of the Continent of Africa in this decade. A constitution may, of course, be merely a scrap of paper with no real effect on the political process; it may be discarded after a few years and replaced by untrammelled executive dominance as have been the constitutions made at independence in so many former colonies in Africa.

But there is a fair chance that the Nigerian constitution may be one of those rare and enormously important acts of political creation which change the whole pattern of political life in subsequent years, last for many generations and grow stronger as new conventions grow to implement their provisions. Nigeria's constitution-making exercise may be seen in later years as an event as significant as the American Constitutional Convention of Philadelphia in 1787 or the Swiss of 1848, the constitution for post-war Japan of 1947 or the Indian constitution of 1950.

There exists in Africa an all-too-familiar pattern of the discarding of independence constitutions that limit the executive, and of the growth of states which though they are often less than totalitarian are also far less than fully democratic. Yet as the process of development proceeds one may expect African states like the countries of southern Europe,

Portugal, Spain, Greece and Turkey—to throw off authoritarian governments as in Britain, and the fundamental rights of citizens are carefully described and protected by world through stable political institutions and also in education standards, economic advancement and social development. If Nigeria makes a success of the operation of this democratic constitution the whole continent will be affected by its example.

The tenure of office of the judiciary is protected as in Britain, and the fundamental rights of citizens are carefully described and protected by world through stable political institutions and also in education standards, economic advancement and social development. If Nigeria makes a success of the operation of this democratic constitution the whole continent will be affected by its example.

Preamble

The preamble to the draft constitution describes its purpose as being to reach a "fundamental agreement of the whole people as to how they should be governed." In keeping with this aim the drawing up of the constitution has involved the fullest popular participation at all stages.

The drafting committee of 49 headed by Chief Rotimi Williams QC, was selected by the military government in 1975 from lawyers, civil servants, academics, businessmen and politicians in Nigeria. It was entered into long and vigorous debate, agreeing to the major provisions of the draft with members were selected as representatives of regions. Its draft (published in 1976) was submitted to popular debate in social law cases did the Assem-

The Constituent Assembly met with the demand of the civil body politic for a freer political life and full control over their own destiny.

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NIGERIA VII

Polling problems

THE ELECTIONS

At the corner of a spacious office on the outskirts of Kano stands a huge pile of neatly bundled papers, each roughly the same size and each tied like lawyers' briefs, with pink tape. Earlier this month, the pile reached half way to the ceiling; perhaps in a few weeks time it will have grown over the office itself, for then it should contain the names bundled in groups of 40, of all 5.8m registered voters in Kano State.

Similar electoral lists are now being compiled and stored in each of Nigeria's 19 States. They are part of an extraordinary exercise which is one of the most crucial aspects of Nigeria's scheduled return to civilian rule next year. Nigeria has not had a nationally accepted census in its 18 years of independence, and voter lists compiled for the last general election in 1964 are so out of date they have been abandoned even as a guideline. So for next year's planned elections, a completely new voters list is being drawn up, an immensely time-consuming process which began eight months ago, when for six weeks some 30,000 enumerators conducted a house-to-house count across the whole country, from the remotest bush to the densest town slum.

The preliminary count showed that there are 47.5m Nigerians over the age of 18—nearly 10m more than the official guestimate. (This figure if correct, could also have great

political and economic significance, for it would suggest that the total Nigerian population is much nearer 100m than the 80m on which statistics are currently based.)

In months since the count a veritable army of freelance and off-duty Government typists has been earning around 30p for each sheet of electors' names transferred to a stencil. Each of the bundles in the Kano office of the State Electoral Commission contained roughly 50 sheets of completed stencils. The Kano Electoral Commissioner, Alhaji Shehu Ringim, told me he was satisfied that Kano's own electoral list would be completed by the due date of September 15, when it would go out to the districts again, for public scrutiny and ultimate revision. The target date for the final electoral lists is March next year.

The registration of voters is just one indication that Nigeria's civilian rule programme is reaching its final stages. Though Nigerians have now spent more than twice as long under military government as under the rule of elected civilians, most people have continued to regard military rule as an aberration.

The whole process of the elections is in the charge of the Federal Electoral Commission—dubbed Fedeco for short—which could well turn out to be one of the most powerful bodies in Nigeria over the next few months. Consisting of 23 electors, the Commission is headed by a chairman, Fedeco was established by Decree No 73 at the end of last year. It is given very wide powers, ranging from the registration of voters to the conduct of the elections themselves and the petitions which may result from queries of election results. One of Fedeco's most interesting and potentially most contro-

versial powers relates to its control of the registration of political parties. The Constitution, amplified by Decree 73, lays down the strictest rules governing the formation of political parties which must "reflect the federal character of Nigeria." This means that a party must prove to Fedeco's satisfaction that it has members in not less than two thirds of the country's nineteen States; that its "name, emblem or motto has no ethnic or religious connotation," that its headquarters is registered in the federal capital and that "it does not give the appearance that its activities are confined to a part only of the geographical area of Nigeria."

Fedeco is headed by Chief Michael Ani, a man of long experience in the Nigerian public service who ironically was heading an electoral investigation commission in 1966 when its work was abruptly ended by the first military coup. Ani, undaunted by the unfortunate precedent, is likewise unalarmed by the difficulties which he is bound to face this time round.

He faces very formidable political problems. Nigeria's last civilian elections, characterised by widespread corruption including ballot-rigging, provoked a major political crisis which ultimately led to the January 1966 military intervention, as well as to a deep loss of faith by many Nigerians in the viability of free elections. But political or psychological problems apart, Fedeco faces the sort of physical difficulties unknown in Britain or other western democracies.

The Electoral Commission is without computers of any sort; and must rely, whether for registration or vote counting, on an array of officials seconded

from the States and local governments. State and Federal civil services are already stretched, telephones are at best erratic. For the election of the members of the Constituent Assembly last year, for example, Chief Ani had special circuits installed in his Lagos headquarters to link him to all 19 State capitals; as of two weeks ago, only two or three lines were working effectively.

Above all, however, Ani is desperately concerned to get effective transport when the time comes to ferry his officers around the constituencies and get the voting paper back to state and central headquarters. Areas to be covered are vast, and despite Nigeria's massive road building programme, remote areas are often served only by dry-season tracks. "The whole exercise could get completely bogged down if the transport isn't there," Ani says, adding that he does not want to have to rely on the army (now probably the most organised institution country-wide, at least in terms of transport and signals) since that could give voters the impression that the army was somehow supervising the result.

One of Chief Ani's worries inevitably concerns the timing of the elections, which he can only announce at the direction of the military government. No dates have been officially declared yet nor are they likely to be for many months. But given the problems of organisation, it now seems certain that there will be five separate elections. Since the final electoral register is unlikely to be available before then, the first will probably be held in March or April.

Ani is concerned that there should be at least three weeks between each election, so that his hard pressed staff have time to complete one election before beginning another. Which election will come first has been

the subject of great speculation in Nigeria, but given the constitutional complexities of the presidential election (if all else fails the President is to be elected by the state and federal legislatures combined) the first election seems certain to be for the legislatures in each of the 19 States.

This is then likely to be followed by elections for Governor and Deputy Governor in the States; then for the federal House of Assembly, the federal Senate and then finally the Presidential elections. If all goes according to plan, therefore, Nigeria's voters will be going to the polls five times between April and August next year; there may even be a sixth indirect election for the President in September. Whatever else may happen for Nigerians in 1979, the year is unlikely to be dull or uneventful.

B.B.

Constitution

CONTINUED FROM PREVIOUS PAGE

their competition. Mass opinion in Nigeria is still dangerously subject to violent tendencies if provoked by unscrupulous political propaganda.

The emergency provisions present great danger if wrongly used, since an unscrupulous President backed by a two-thirds majority in a favourable legislature, could use a local breakdown of law and order to decree a national emergency and thus circumvent the fundamental rights provisions and lock up all his opponents.

The military are totally excluded from political power and are represented only on the advisory National Defence and Security Commissions, and on the Armed Forces Commission which the Assembly will create whose job will be to insulate the key elements of military

recruitment, promotion and discipline from party political control. Its role must be roughly similar to Britain's Army Board, presided over by a Minister but containing a professional majority. As Commander-in-Chief the President controls the very top appointments in each service, as in the U.S.

The present military leadership has just demonstrated beyond doubt its sincerity about disengagement from power, with the reporting of the military governors back to the Government office of all officers who intend to remain in the services after the return to civilian rule. General Obasanjo himself has announced his intention to retire next year into private life.

But there will always be the danger of an ambitious Nigerian military man waiting in the wings to intervene at the first sign of disillusionment with a new civilian government. It is quite vital that he should not be able to enjoy an "Aladdin's lamp" type of support from the civil service, the trade unions, the public and the rest of the army, if he usurps the positions of power by armed force.

Faced with this sort of refusal to recognise his legitimacy and obey him, a putative military usurper would be as ineffective as was Herr Kapp in Germany in 1921, when the Berlin garrison put him into power and his regime collapsed within a week from lack of civil service and trade union obedience.

Perhaps there could be a tacit

M.J.D.

Census doubts

ALL POPULATION figures in this Survey must be treated with caution. In its 18 years of independence, Nigeria has been unable to produce a census which is politically acceptable throughout the country. Three counts of the population have been held—in 1962, in 1963 and in 1973; all official statistics are based on the least unacceptable of these, which was that held in 1963 which gave Nigeria a population of 55.7m.

To this has been added an annual estimated increase of 2.5 per cent, giving a current estimated population of some 77m.

However, Nigeria's population may be considerably higher than this. Officials estimated that about 38m Nigerians over the age of 18 would register as voters in an exercise carried out earlier this year as part of the civilian rule programme. In fact, 47.5m registered. Since it is broadly calculated that half

of Nigeria's population is under 18, the real count could be nearer 100m.

Nigerians have been suspicious of population counts since before independence: the 1952 census, which gave the total population at 33m, was believed to have been an underestimate because it was widely assumed the British were counting heads to increase tax revenues.

Many Nigerians hoped that the military regime under General Gowon would at last produce an acceptable census, but the results were even more hotly attacked. This was principally because, though Nigeria had by then been divided into 12 states, the six northern states, with 51.38m, had a huge preponderance over the six southern states, with 28.38m.

Whether or not a new civilian regime gets round to holding a new count remains to be seen. The new constitution provides for an Independent National Population Commission. However, if that body's report is found by the Council of States to contain "demonstrable inaccuracies" the President must reject the report and dismiss the NPC members.

Controversy

In 1962, the results were not published, because of leaks which gave rise to political controversy. This was reinforced after the 1963 count: the then Western and Eastern regions alleged that the Northern region had inflated its own figures to ensure the federal dominance of the Northern People's Congress; the north made counter-allegations that underpopulated areas

The Assembly's changes

NOW THAT a final draft of the constitution is available, one can examine the many important changes of detail made by the constituent assembly.

In the opening paragraph the text contains a new clause to outlaw coups or illegal exercise of power. This may have a real value in making it difficult for a future usurper of power to legitimise his position with the people.

The section on Fundamental Objectives has been improved and is no longer expressly stated not to be justiciable. The section dedicating Nigeria to the "Liberation of people of African descent throughout the world" has been replaced by a more universal goal of "Combating racial discrimination in all its manifestations."

The vexed issue of "socialism versus private enterprise" has been by-passed by providing that Government shall control all the major sectors of the economy but defining major sectors as those it already controls or may take over by legislation in the future. The strict defence of private property, allowing the citizen access to the high court for the assessment of compensation due to him for any property taken by Government, has been a little relaxed to allow exception for any General Laws passed by Government for taxation development, etc.

The new constitution allows a more flexible procedure for the amendment of its detailed clauses but has entrenched the fundamental rights clauses so that they are more difficult to amend. It is unfortunate, however, that Section 128 (B), limiting the president to two four-year terms, has not been included in the entrenched clauses.

The fundamental rights provisions have been improved by reducing the age for protection from unlawful detention to 18 (the age at which Nigerians get the vote), and also by improving the clause limiting the amount of time spent waiting trial.

The Emergency provisions have been amended to allow the courts to judge how far specific emergency measures are really needed to meet the situation.

The powers of the President are great, but a new amendment denies him the right to commit Nigerian combat personnel to service abroad without permission of the Senate. The method of election of the President is simplified by the omission of the run-off (French style) popular ballot if a candidate fails to obtain the highest vote plus a quarter of the votes in at least two-thirds of the states. In such cases, the two leading candidates now compete for election by the Federal and State legislatures. Candidates to the state governorship are also required to win a quarter in two-thirds of the local Government areas as well as the highest overall vote, and the state legislature is to decide between the two leading candidates if no one wins on the popular ballot.

Candidates are ineligible to stand for election if they have been found guilty of corruption since October 1, 1960.

The integrity of state boundaries is preserved by a rigid procedure for any change, requiring a two-thirds majority in favour in the state which will lose territory as well as approval of two-thirds of the Federal legislature and of a referendum in the area concerned. The state legislatures are likely to agree to lose territory.

The relation of the Ministers to the Assembly has been improved. They are not members of it but are now required to attend its debates to give an account of their Ministry when the Assembly requires it.

The Federal Electoral Commission continues to have very great powers not only to run elections at federal and State level but to supervise political parties to ensure that they are democratically run, national rather than tribal, and do not use violent methods. In legislative elections there is a right of appeal to the high court, but this does not apply to elections for President or Governor, and one could wish, for the avoidance of doubt, that there was a clause giving final rights of adjudicating in disputed cases to the federal electoral commission. Nigerian cannot afford an unresolved dispute in this matter.

In the vexed question of the Sharia clauses, the text provides for appeals in Muslim personal law cases to go from the State Sharia courts of appeal to the federal court of appeal; rather than to a specific Sharia Court as was envisaged in the draft. The compromise is that three judges of the federal court of appeal, learned in Muslim law, will hear such cases, but it is not yet clear whether further modification will be needed.

Compromise on this issue is of great importance, but one could have wished that this entirely specialist field of Maliki Muslim law which is totally unrelated to the rest of Nigerian law, could have been dealt with by specialists.

The state Sharia Grand Cadis, for instance, meeting as a panel every six months to hear appeals from courts other than their own, would be an eminently sensible federal appeal court for this purpose.

One clause in the draft much criticised by many writers (including myself) was that granting total legal immunity to the President, Vice-president, Governors and Deputy Governors, 40 people in all. The Assembly has deleted this from the beginning in Section 4 only to reinsert it unchanged at the end in Section 267. Perhaps they hoped that no-one would notice it there.

The Constituent Assembly has introduced many worthwhile improvements. One must hope that all members will be able to agree to the final text and that the body politic will give it support to the constitution which its elected representatives have produced.

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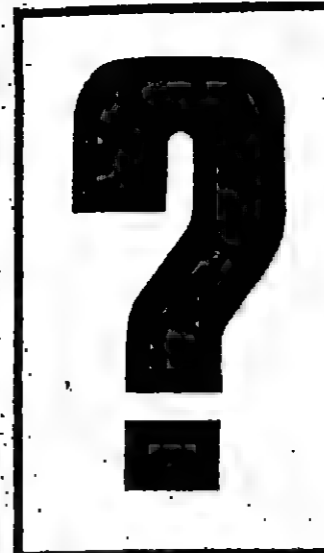
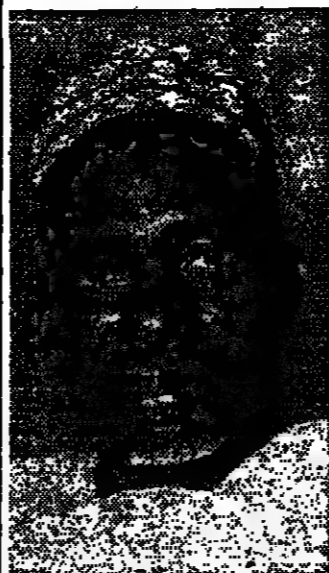
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NIGERIA VIII



Nigeria's rulers past and present: top (left to right): Sir Abubakar Tafawa Balewa, Prime Minister of the Federation on independence until his death in the first military coup d'état on January 15, 1966; Dr. Sir Abacha, Governor of the federation and then President until January 15, 1966; now retired into private life; General Sir Aguiyi-Ironsi, Nigeria's first military Head of State until his death during the second military coup of July 29, 1966; General Yakubu Gowon, now in exile in Britain, Head of State from July 29, 1966 to July 29, 1975; Bottom: General Murtala Muhammed, Head of State from July 29, 1975 until his assassination in the attempted coup of February 13, 1976; General Olusegun Obasanjo, General Muhammed's successor and present Head of State.

Personalities and their policies

PRESIDENTIAL CANDIDATES

A SHORT section in the latest edition of the Daily Times "Who's Who in Nigeria" is devoted to "elder statesmen." It is among them, Nigerians say, that you will find Nigeria's first civilian executive President, if not his Vice-President as well. For in 13 years of military rule no civilian previously unknown has been able to achieve national fame. Many new faces, particularly those of university teachers, will appear in Nigerian civilian politics, but in the complicated bargaining and alliance-making between locally-based groups (already begun informally) which will produce parties of the kind to satisfy the "national" criteria laid down in the constitution—and which alone can nominate candidates for elective office—national figures will be needed to attract support and to persuade rivals of the wisdom of making concessions.

Probably no Nigerian could command a national majority for the presidency through direct personal appeal: it is even less likely that anybody could command a quarter of the votes in at least 13 states, as the constitution requires. But skilful choice of a Vice-President, who will stand on the same ticket, and the tactful mobilisation into a national alliance of those who command local support, can ensure national success for a candidate. This would avoid the deadlock—and the devices to resolve it which the constitution provides, which many Nigerians fear could weaken the authority of Nigeria's first elected executive President.

Moreover, voters and political groups will be able, well in advance of the presidential election, to gauge the electoral wind from the state elections and the elections to the Federal Legislature. And so, in a country where nothing succeeds like success, they will be able to determine their allegiances, or even perhaps their nominations, to ensure that they are on the winning side.

Aspirants

All this suggests that organisation—which also means money—and personalities rather than policies will decide at least this first election. So far, certainly, all discussion of presidential candidates in Nigeria, and the claims of presidential aspirants themselves, has concerned personalities and the possible extent of their support, and not policies. But only parties can produce policies, and until they are allowed to operate—which, it is expected, will be next month, when the constitution is finally promulgated—it is impossible to know what part policy, or even ideological differences will play in the presidential election. Nor, until the parties operate, and he has been nominated by a party, can any

presidential aspirant confidently or even properly declare his intentions, so that personal protestations so far made, whether of interest or disinterest, could prove irrelevant.

Some rich men, perhaps, have not only insulted their fellow citizens by attempting to spread their money around too soon, but may be short of money, in consequence, when the campaigns really get going. What is certain is that the first presidential candidates will stand on a platform of national reconciliation, and unity, promising to smooth over disputes such as the one about a Sharia Court of Appeal—if indeed that is still outstanding. Because civilians have been excluded from the centre of power for so long, they might claim that they were in no position to offer detailed programmes, particularly on economic matters. But while ethnic balance is likely to be the dominant factor, with personality playing a part, there will be sufficient demand for declarations of policies, demand (from newspapers and universities in particular), to make it necessary for parties to produce policies to which their candidates are committed.

Importance

At the same time, in the first election, it is hoped that no presidential or vice-presidential candidate will be, or appear to be, simply a party or coalition standard bearer. So great are the president's powers, and so much importance have the framers of the constitution attached to his significance as a symbol of national unity, that public confidence in a candidate's personal independence could materially affect his support.

Who, however, among the elder statesmen of Who's Who are talked of as presidential candidates? First are the very elder statesmen who held the highest offices before 1966. Dr. Nnamdi Azikiwe, "Zik", Nigeria's first president, is now 73 and lives in his home town of Onitsha. After being leader of the now dissolved National Council of Nigerian Citizens (NCNC) he became a "constitutional" president, acting on his Prime Minister's advice; few think that over 10 years later he wants to become an executive president. Chief Obafemi Awolowo, on the other hand, now aged 69, and formerly both bitter opponent and close ally of "Zik" in federal politics, and leader of the dissolved Action Group (AG), is in the running. But although "Awo" was a capable leader of the former Western Regional Government, Leader of the Opposition in the Federal Parliament, and for a time held the very senior job of Commissioner of Finance under General Gowon, he has powerful opposition even among his own Yoruba people. For the Action Group experienced a bitter split in 1962.

Although Chief Awolowo's main opponent then, Chief Akintola, who established the Nigerian National Democratic Party (NNDP) was murdered in the January 1966 military

putsch, today Chiefs Akinloye and Akinjide, of Ibadan, for example, and the Abeokuta leaders of the former NNPP, such as Chief Toyin Coker, still strongly oppose Chief Awolowo.

Among the Ibos, if Dr. Azikiwe is ruled out, there are fellow citizens to consider. Dr. Kingsley Mbadie, a former Federal Minister, is believed still to harbour national ambitions, unlikely as they are to be fulfilled. Sir Francis Ikang, the missionary doctor who was once Governor of the Region, has renounced political ambitions. Dr. Michael Okpara was a successful Premier of the former Eastern Region, but probably has stayed abroad too long since the end of the civil war to command wide enough support. Mr. Mathew Mbu, former Federal Minister, is a diplomatic "go-between" and "king-maker" prominent in the "Club 19" movement which aims to strengthen federal unity, but does not himself carry the weight for supreme office. Chief Jerome Udoji's name is nationally known since he was chairman of the commission that in 1974 recommended substantial pay increases in the public services, which were followed by similar increases in the private sector.

A Cambridge man, former head of the civil service in Eastern Nigeria, and now chairman of important companies, he has weight but little direct personal experience. Chief Dennis Osadebay, a "Western Ibo", who was Premier of the former Mid-West Region, now devotes himself only to church and legal affairs. Of the political leaders of the former Northern Region, the Premier, the Sarduna of Sokoto, leader of the Northern People's Congress (NPC) was murdered in 1966. His successor was not certain then and there is certainly none now. But the "Elder Statesmen" list includes a number of people from the northern states, some of whom must be possible presidential candidates.

Kano is the most populous of Nigeria's states, and probably the most homogeneous. The former bitter political division there between the NPC and the Northern Elements Progressive Union (NEPU) has disappeared since NEPU, whose leader was Alhaji Aminu Kano, has found most of its objectives realised under the military regimes. Now Alhaji Aminu, although he has not abandoned his opposition to the emirate system as it was in 1966, is more concerned with social reform change, and is reconciled with the most powerful ex-NPC Kano politician Alhaji Inuwa Wada, who, like Alhaji Aminu, is now a successful businessman.

Alhaji Aminu, a man who has a national reputation suffers

unhappily from ill health, and is unlikely to be a presidential candidate, and probably, therefore, cancels out Alhaji Inuwa. There remains, of Kano politicians, Alhaji Maitama Sule, now the national Ombudsman. He is a former federal minister, and a most attractive figure. He denies any intention of returning to politics, but most people expect otherwise.

Sokoto, home of the Sarduna, and emirate of the Sultan, "Commander of the Faithful", of Nigeria's Muslims, and of Muslims far beyond Nigeria's frontiers, must always play a major role in Nigeria's politics. But Sokoto's men are not prominent among presumed presidential aspirants. Among them, however, although he strongly denies any such ambition, is Alhaji Shehu Shagari, an "elder statesman" who, at 54, is younger than most of his colleagues, was a Federal Minister in the early 1960s and was then Federal Commissioner of Finance in the Gowon regime, after Chief Awolowo. He is the most serious of the still active NPC leaders. A modest man, he is one of the few northern politicians who is known and well thought of in the south.

Premature

What of the other northern "power centre", Borno? Alhaji Waziri Ibrahim, a 52-year-old rich trader and former UAC manager, made one of the first bids for presidential recognition. It is thought that his bid was premature, although he has—and has emphasised—his commercial importance outside his home area, notably in eastern states. But his home base is insecure, even if he is supported by the influential Sir Kashim Ibrahim, his father-in-law and former Governor of the Northern Region, and possibly by the Shehu of Borno.

Otherwise in Borno there is Shettima Ali Monguno, former Federal Commissioner for Petroleum; but he is at odds with the great traditional ruler, the Shehu. There are other figures. There is the banker/physician Dr. Saraki of Ilorin, head of the new French banking firm. There is Chief Moshood Abiola, the ITT boss in Nigeria (who indignantly repudiates any presidential ambitions), who is an Abeokuta man. There is J. S. Tarka, long leader of the non-Muslim Tiv when they were in opposition to the NPC government of the former Northern Region. There is even Alhaji Musa Yar'Adua, father of the powerful Chief of Defence Staff, Brigadier Shehu Yar'Adua, and a former Federal Minister. No name is certain. But all are probably there among the "elder statesmen."

By a Correspondent

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PRESSURE GROUPS

Too many soldiers

In the development of Nigerian society under civilian rule a number of well-defined elements will be in a position to exercise a preponderant influence. Among them, the armed forces, swollen by the civil war and sustained by military regimes, is certainly the most significant. Even when trimmed by demobilisation, the army in particular will remain a political factor.

The trades unions, which seem certain to play an increasing role as the economy becomes more complex, have been reorganised by the military government. The newspapers, albeit at present largely under Government control, are another sector essential to the process of democratic evolution.

There is a curious entry in with, it is safe to assume, the Government's estimates for the current year. Under the Ministry of Defence heading—ever, that the present army "Army: Section G"—is listed the total amount to be spent on the pay of "officers and other ranks." For 1978-79 the sum is estimated at N279.5m—compared with N496.4m last year. The figure has observers of the Nigerian military scene puzzled since it suggests that the number of men in the army has declined or is about to decline by over 40 per cent. But the maximum reduction likely to be achieved this year is 10 per cent—or 20,000 men out of a total of some 200,000—because of the political problems of demobilisation.

Despite some evident curbs on overall military expenditure there can be no doubt that the police are Nigeria's armed forces are far too big for the country's economic health. The historical reasons for the size of the armed forces are well known: rapid mobilisation just before and during the civil war swelled the federal army from some 20,000 to around 250,000 men and efforts to demobilise since then have had only very partial success in recent years, mainly because of opposition within the army itself.

In this year's estimates, recurrent spending on the army, and on the much smaller (though capital-intensive) air force and navy amounts to N506m or 20 per cent of the total federal budget. This compares, for example, to some 4.5 per cent on the police; 0.5 per cent on education, only 0.7 per cent on agriculture and 2.8 per cent on health—though it should be said that while the armed forces and police are entirely federally financed, there is additional spending on education, agriculture and health by the 19 State governments.

The precise numbers in all three services are an official secret, and though at least some degree of demobilisation and reorganisation has been official policy since the end of the civil war, it is doubtful whether even the military themselves know there are—of only because in some instances pay is certainly being drawn for men who have died or otherwise left the forces.

But the main obstacle to demobilisation has been political. Immediately after the war, those who wanted to leave the army were encouraged to do so, but the social effects of demobilising men who could not then be found jobs was probably the main reason why the army was not drastically pruned at that time. Subsequently, however, plans both to reduce the army's size and to increase its efficiency were shelved due to opposition within the army itself.

It is now well-established that many of the middle-ranking officers involved in the attempted coup of February 1976—which resulted in the assassination of General Murtala Muhammed, the Head of State—were alarmed at the possibility that they would be demoted or demobilised as a result of retraining and reorganisation plans then being put into effect. It is only in the last year or so that these plans appear to have been reactivated.

not nearly as mobile as their commanders might wish. In addition it is thought that infantry training and systematic exercising has been neglected, while discipline is said to have been undermined by the paucity of barracks—though this is one of the largest building programmes in Nigeria, is now being remedied.

Huge barracks, many built to a high and often luxurious standard, are now to be seen outside key towns throughout the country—for example in Kaduna, where the army has been spending on barracks and residential accommodation for the first division headquarters in Kaduna in one year alone. The total barracks building programme, according to Brig. Shehu Yar 'Adun, Chief of Staff Supreme Headquarters, is expected to be completed by 1980. It could well cost well over N1bn. Though it is difficult to be sure (the estimates are less than precise) it is likely that at least an equivalent figure has been spent on armaments of one sort or another, though substantially reduced in the

there are now signs that a curb has been put on major arms spending of all three forces. Compared to the army, the navy, estimated to be some 5,000-6,000 strong, and the air force, with some 8,000-10,000 men, are small though still costly. The air force, virtually non-existent at the outbreak of the civil war, was re-equipped with MIG 21's under the Gowon Government, with a MIG training programme which is still being run by Soviet personnel at the main airforce base in Kano. The navy, however, has an ambitious development programme which includes the purchase of a second frigate, a further two corvettes and a number of patrol boats. If the programme is carried through, the navy's size could well be doubled within the next five years.

Political

But while it is clear that the armed forces as a whole are large and are unlikely to be one sort or another, though substantially reduced in the

foreseeable future, neither the mood of the army (which is obviously politically the most significant service) nor its likely role in the next few years can be judged with any accuracy. Perhaps all that can be said with any certainty is that a future civilian government in Nigeria will ignore the profound changes which have taken place in the armed forces at its peril. Apart from their now comparatively enormous size and cost, the most crucial change is that Nigeria now has a highly politicised army.

The original Nigerian army was trained by Britain to observe the British political tradition. This has inevitably been undermined as the army has become more and more deeply involved in running the country. Not only have a large number of middle and senior ranking officers actually held political office: the general involvement of the army in the political process over the past decade has made soldiers in general much more politically aware.

This awareness could have one of a number of effects as a civilian regime takes over. The present military leadership is undoubtedly sincere in wanting to retire the armed forces to barracks; they are only too aware of the difficulties of governing and it may be presumed, will do their utmost to co-operate with the country's new civilian rulers to ensure the country's stability. It is, however, a real possibility that a new generation of military leaders—and several of the current top men are due for retirement next year—will not feel this way and that, faced with what they may consider indiscipline in a democratic Nigeria, will intervene yet again.

In the immediate future, however, the most critical problem may lie elsewhere. The army may have had an important role in maintaining law and order in the past, but the role of the federal Nigeria police in this regard is likely to be vital in the year ahead, as electoral campaigns get under way and the army itself endeavours to maintain its new low profile.

The police force, as suggested above, is undermanned. The total establishment is currently some 64,000 with a planned increase (apparently mainly from the army) this year to 74,000. But Nigeria has an estimated population of 80-100m, thus giving a ratio at best of one constable to over 1,000 people. By way of comparison, the London Metropolitan Police at its current strength of 22,000 believes itself undermanned with a ratio of 1 to some 400.

The NSO

There is one further problem which may, in the general area of "Law and order" confront a civilian government next year. The Nigerian Security Organisation (NSO) is rarely discussed in public in Nigeria. Many Nigerians do not know of its existence, since it was created, almost surreptitiously, following the assassination of General Mohammed in 1976.

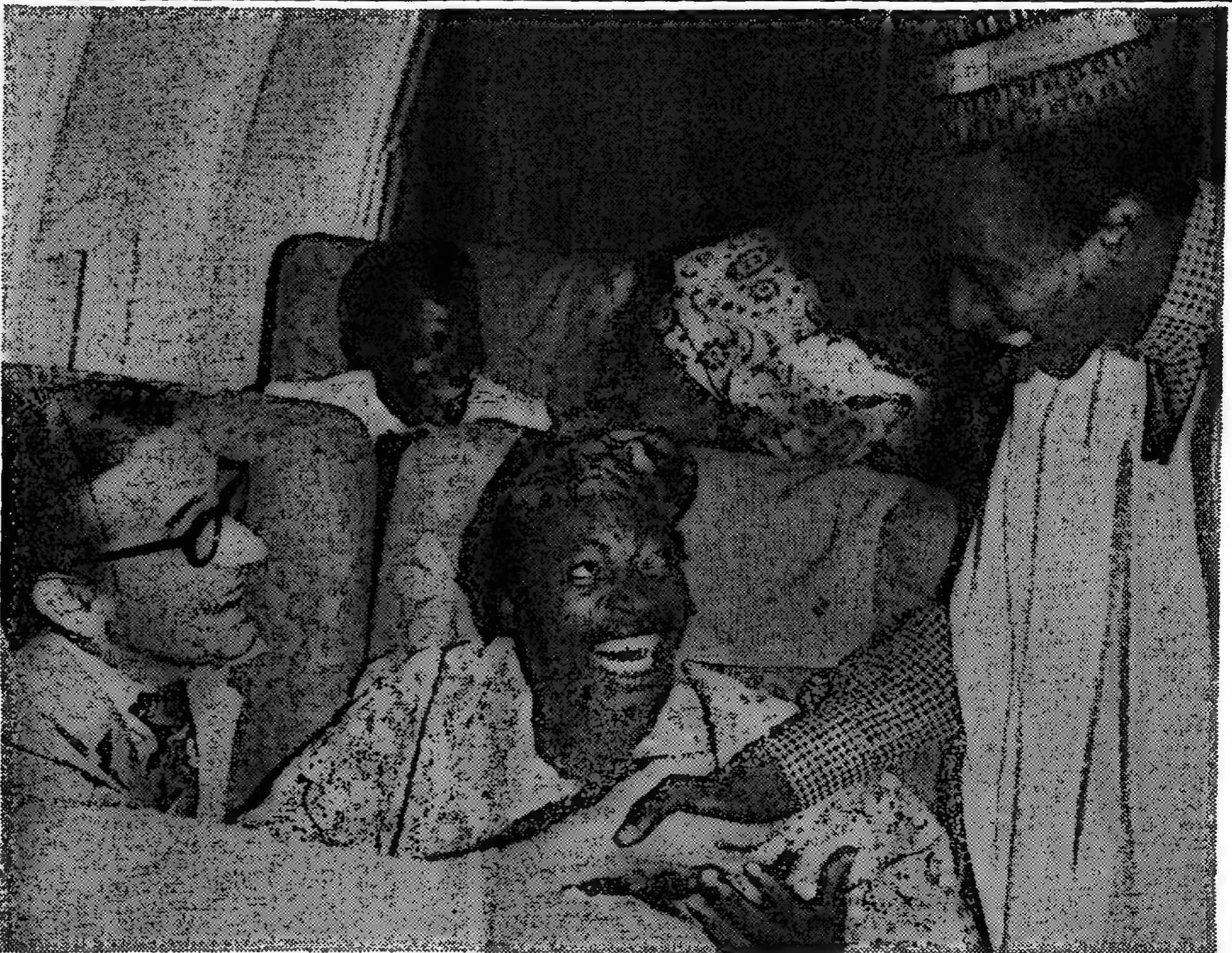
Though it was based on the Special Branch of the Nigerian Police, it is now effectively a secret police organisation which though commanded by an army officer appears to lead an almost autonomous existence. Its effective size is not known; neither precisely, are its functions, and while it would be wrong to suggest that it was in any way a Gestapo-like organisation, its tentacles would appear to stretch widely. There

are a number of well-substantiated reports of arrests of Nigerians or foreigners by the NSO, against which there appears to be no known method of appeal.

One small personal example may illustrate part of the organisation's powers: after months of delay I was granted an entry visa to Nigeria for the purpose of writing this survey only after approval of certain key members of the military government had been obtained. That, however, did not stop officers of the NSO from detaining me for more than 14 hours on my arrival recently at Ikeja airport; or from questioning me, on my departure from Kano airport, nearly three weeks later, for some three hours. No charge nor explanation of any sort was made, though I learned informally that senior NSO officials spent some time endeavouring to find out who it was in the administration who had agreed to grant my visa without apparently informing them first.

It is clear that some civilians are aware of the dangers to democratic rule of such an organisation. An effort to give the NSO constitutional standing under a civilian regime was defeated in the debates earlier this year of the Constituent Assembly. This would suggest that it could be disbanded, or perhaps re-established as the Special Branch of the Nigeria Police. Its continued existence could present any selected civilian government with its most serious and immediate challenge.

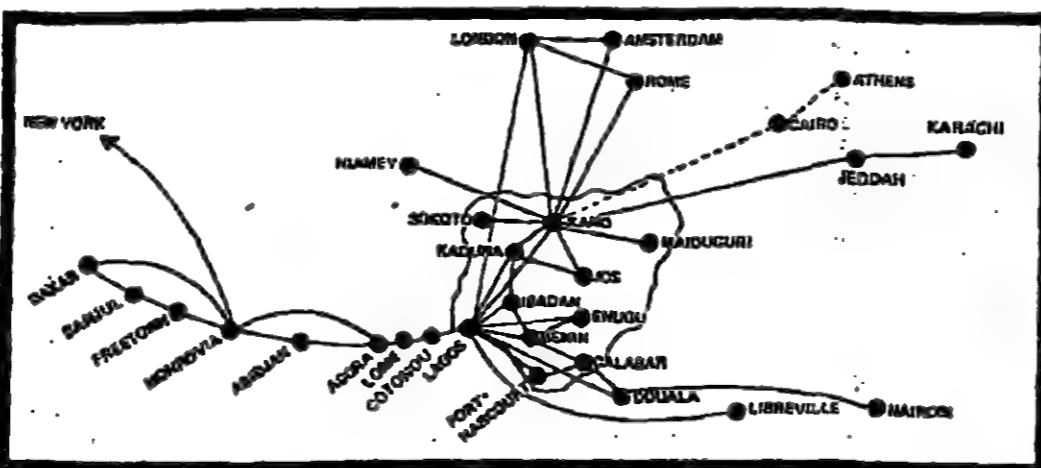
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NIGERIA XI

THE FEDERAL STRUCTURE

Maintaining a delicate balance

The balance of power between federal and State governments has been and still is of vital importance to Nigeria—one of only a handful of countries throughout the world that can claim a genuinely federal structure. Two key dangers are, on the one hand, any tendency to “creeping centralism” and, on the other, the danger of growing parochialism among the States. Articles on this and the next page outline the present structure and the system used for the distribution of revenue. On the following pages six of Nigeria's 19 States are profiled.

“WHERE THE conditions for federal diversity but having the them are suitable, the multiplication of federal unions is of benefit to the world,” wrote J. S. Mill. Yet in fact the world boasts only some 14 states claiming to be federal and only eight or nine which are federal in practice. Of these India, Malaysia and Nigeria have been the three great examples in the developing world. In the rest of Africa, federations have often broken up or become involved in a polarisation of power that rejects the limitations of federalism and becomes a unitary state with an overstrong executive. Sudan has used a devolution of power in the south that amounts to federalism in practice, if not in name, and has reaped from it the benefit of peace instead of protracted civil war. If African unity is ever given any institutional expression of an organic kind at regional or continental level, that expression will have to be a federal one.

Federalism is therefore of importance of itself, and it is doubly important in the Nigerian context. Almost all the great political issues of division in Nigerian history have been connected with divergent interpretations of federalism. The long battles to obtain a fully federal constitution before independence, and the imbalance of the three great regions left by the British, produced the disastrous centrifugal effects of the outward leaning federalism of the first republic.

The excessive centralism of the Ironsi Government of between January and July, 1966, led to the separation represented by the northern riots and counter-coup. These in turn ultimately gave rise to the Biafran move towards secession, which was not effectively halted by the confederal solution suggested at the Aburi conference.

Recovery

The magnificent recovery of Nigeria after its civil war for national unity owed a great deal to the balance of federal and state governments. This allowed the federal Government of General Gowon to persuade the whole country of the need for reconciliation while giving the East Central State government the chance to run its own affairs with its own personnel in the heartland of the Ibo area, formerly in secession.

The increase in the number of states, first to 12 by Gowon's decree on the eve of the civil war and then to 19 after the careful consideration and taking of evidence by the Irekesh Commission under Murtala, has given an institutional framework which makes it possible (although not inevitable) that Nigeria will avoid the old destructive regional polarities. The choice of a new site for the capital in the very middle of Nigeria under federal control gives a focus for national unity. Nigeria has become an inward leaning, 80 per cent to a distributable rather than an outward leaning pool divided among states federation, the governmental structures not only reflecting

formula used to be: half view unwisely), been removed equally among states and half from the draft by the Constituent Assembly.

Recently, however, a Commission produced a salutary addition to mission reported in favour of the two balancing levels of applying certain criteria, such as need, efficiency and absorptive capacity. This area is an extremely sensitive one, and not unnaturally certain states, which receive only a third as much per head in the distribution as others, are beginning to question the system.

Salutary

A unified nation requires, as the Objective Principles of the Constitution declares, that Governmental benefits should be fairly distributed, and this must imply a large measure of equality of benefit among all members of the Nigerian family of states. This sensitive area of decision making has been removed by the Draft Constitution from the sole control of the Federal Executive and vested in the advice of an autonomous body on the lines of the Australian Commonwealth Grants Committee, named the Fiscal Review Commission. This to make statutory allocations to section has, however (in my local government councils.

There are two dangers to the independent commissions at stated long intervals. The issue is too explosive to be kept constantly alive and the constitutional procedure for creating new States is long and difficult.

The new states have tended towards parochialism in their employment policies—very few who are not natives of the state can succeed in entering its civil service and yet fewer can obtain promotion within it. Recently the federal Government passed a decree requiring state governments to offer the same permanent terms of employment to those they took on who were natives of other states as they offered to their own indigenous. The remarkable success of the Graduate National Youth Service Corps, in which some 30,000 young Nigerians have done a year's further divided. The new service will no doubt resist creation and only add to the existing number of states with unity. Opportunities at the great caution, and after careful measurement of opinion by

state governments need to become less parochial. In examining the effect of the new institutional arrangements of Nigerian federalism upon the political process we can only make informed guesses as to how it will actually operate. The absence of the old “overmighty regions” as governmental and patronage bases for regional-based political parties, gives the opportunity for a new type of Nigerian political party which combines specific emphases at the Nigerian level with the careful building up of coalitions of support based on the bodies of important opinion in each state. The American parallel is relevant here, but just as U.S. politics did once get on a north-south division despite the existence of many separate states, so Nigeria, too, is still vulnerable to religious or regional polarisation unless specific attention is paid by political leaders to the need to avoid this.

Parochialism

The state base enjoyed by a governor, who may be of a different political party from that of the President, gives him considerable independence. The ability to sustain a relation of

this sort without confrontation will be an acid test of the maturity of the new Nigerian politics. The constitution does not give to the federal government the old powers of intervention to take over a state government in an emergency that it enjoyed under the first republic and used once in the Western Region, nor does it have an exact counterpart to the Indian premier's ability to take over the government of a state for a limited period under the emergency powers of “Presidential rule.” Only in exceptional cases of war, inability of the state legislature to meet or invitation from the state governor can the federal Government take over a state. If a state governor is foolish enough to attempt total defiance of the President he would seem to have the institutional means to support that intransigence, but such a relation would be a breakdown in the essential practice of cooperative federalism under which Nigeria has made so much development hitherto.

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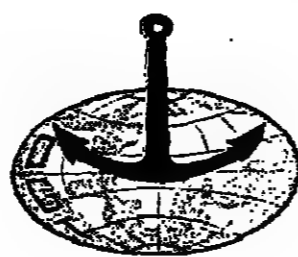
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NIGERIA XII



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Difficult questions of allocation

STATES REVENUE

ALL NIGERIA'S States depend heavily for their expenditure on revenues collected by the federal Government and allocated to them. This dependence has been growing despite efforts by the States to increase the proportion of their revenues raised independently by their own efforts. Primary education, for example, is now paid for by the federal Government which also largely finances the new local authorities—a principle entirely new to Nigeria. And although the proportion of federally collected revenue allocated to the States has actually fallen, the absolute amount allocated increased by some 15 times between 1968-69 and 1976-77. In the current financial year it comes to over N1.6bn, out of estimated gross federally collected revenue of N6.86bn.

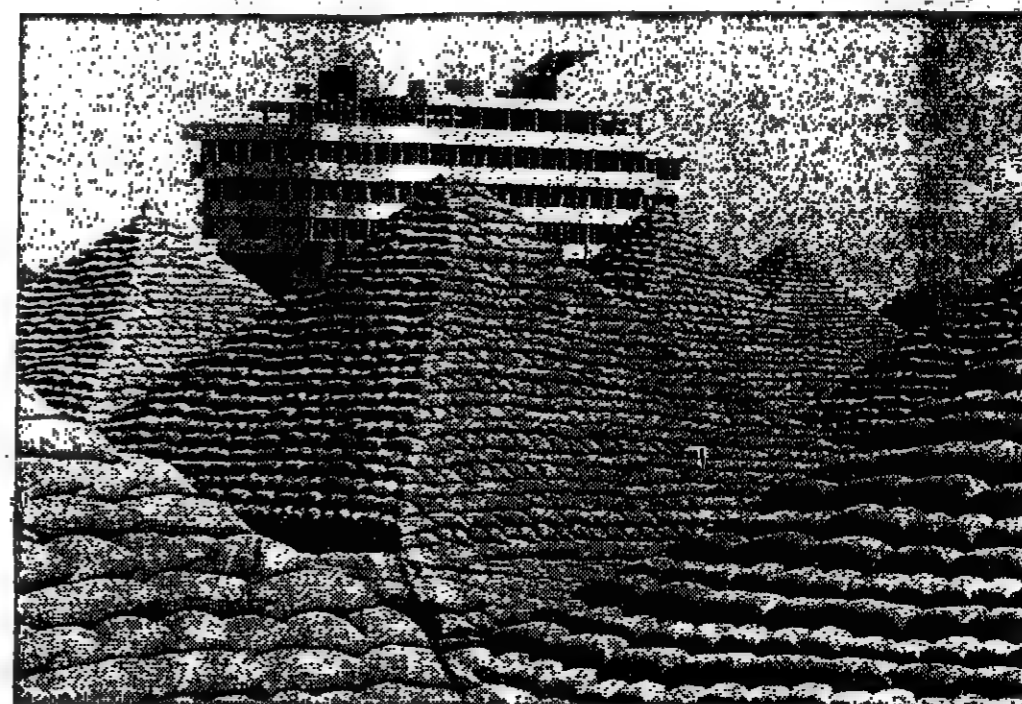
Clearly, therefore, for State governments and for all citizens the principles on which the revenue allocated to the States is spread among them are of paramount importance. They have been the subject of a number of enquiries and have been regularly modified to meet Nigeria's changing circumstances, notably the emergence of oil as the outstanding source of Government revenue. The latest enquiry, conducted by a committee under Professor Abovaye, reported in time for its recommendations to be considered by the Constituent Assembly. But that body decided that the constitution should do little more than refer to the principle of revenue allocation, including the right of local authorities to receive an allocation, while the details, which must necessarily change from time to time, should be settled by the legislature.

When the former four regions were divided into 12 States in 1967 the principle of "derivation" was still strong in the allocations made by the federal government. For example, 50 per cent of mining rents and royalties went to the State of origin of the minerals concerned—the fact that most oil proved to be "off-shore" led, in 1971, to the decision that all off-shore oil revenues should be treated as federal.

The history of revenue allocation in Nigeria is, in fact, a history of the fall in significance of the principle of derivation and the growing importance of the principle of a State's needs, including the size of its population—together with the rising proportion of State spending met by federal grants or loans.

Excise duties on tobacco and petroleum products, previously paid to the States on the basis of their consumption, were to be shared equally between the federal government and the DPA. Export duties, previously allocated wholly to the State of derivation, were to be shared by the State of origin and the DPA. Mining rents and royalties, previously shared in the ratio of 50 per cent for the State of origin, 15 per cent for the federal Government and 35 per cent for the DPA, were now shared on the basis of 45 per cent, 5 per cent and 50 per cent. The import duty on motor fuel, previously paid wholly to the States on the basis of their consumption, was to be divided between the federal Government and to the State governments as a whole. The method of sharing the DPA was also altered. Half was to be divided equally among the States and half shared according to their populations.

The changes meant an increase in the financial importance of the federal Government vis-a-vis the States; but they also ensured a greater degree of fiscal equalisation between the States themselves, reducing the weight of the principle of derivation and increasing that of the principle of need. Further adjustments in the same direction have continued to be made. In 1975 it was decided that all export duties should be allocated to the DPA, as should all import duties on tobacco and petroleum products. Nevertheless there is still a great deal of co-operation, ported since Nigeria's refinery



The groundnut pyramids of Kano are no longer a familiar sight, but there are hopes that farmers can be persuaded to plant on a larger scale.

especially in switching supplies commitments to save shipping costs. This arrangement led to obvious problems when applied to the four regions. They were accentuated when the twelve States were created, since the principle of derivation meant that some States, where citizens were no less hard-working than those of others, and whose governments were no less competent to spend funds, were starved of revenue while others—notably Rivers and Mid-West (now Bendel), the "oil States"—were treated far more generously. The big northern States were particularly badly affected, although their responsibilities towards their citizens were no less than those of other States. In 1970, after surprising delay (but this was the period of the civil war) significant changes were introduced by the federal military government.

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capacity was inadequate for domestic needs). The federal Government also agreed to allocate all rents and royalties on off-shore oil production to the DPA, while the share of the State of origin in-shore oil rents and royalties was reduced to 20 per cent, the rest going to the DPA. Allocation of DPA funds continued to be made to States on the basis of 50 per cent according to their populations and 50 per cent shared equally. The increase in the number of States to 19 in 1978 made their populations more nearly equal, although they still range from some 10m in Kano to a quarter of that number in Rivers. But some States still get far more funds in proportion to their population than others. Rivers, for instance, gets N132.6m this year while Plateau, with almost the same population, receives only N68.6m. Bendel receives N144.6m, while Borno, again with almost exactly the same population, receives only about half as much. The reason is still oil; but the disparities are considerably less than they were before the 1975 changes.

The Abovaye Committee recommended the complete rejection of derivation as a principle for revenue allocation. It recommended instead five new principles: equality of access to development opportunities; national minimum standards for national integration; absorptive capacity; a State's independent revenue and own tax effort; and fiscal efficiency. The Federal Government has agreed that these principles should be used, but only for "incremental allocations" this year (which are likely to be nil). A debate on their general application should prove to be one of the early big occasions in the federal legislature. Although not strictly a revenue allocation measure, one other change has strengthened the federal government financially and weakened the States. Between 1954 and 1973 the statutory produce marketing boards were regional bodies

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NIGERIA XIII

Economy still based on the farm

KANO

OVER 800 years ago King began to build the thick mud walls of Kano. Today the city is capital of a State of possibly 19m people, the most populous of the States of the federation, embracing as well as Kano itself three smaller emirates. It is one of the most homogeneous States, the main division being between the nomadic Fulani, said to own over 4m cattle, and the settled farmers and townspeople, many themselves of Fulani origin but all today speaking Hausa.

It was here that Lugard's "Indirect Rule" was seen at its most uncompromising. Throughout the British period the Emir of Kano was head of an administration which disposed of funds large by the standards of the time and ran most public services. For the people the "Native Authority" (NA) was the Government, with the British officials always in the background. Today, however, the changes introduced under military rule have turned the Emir into a constitutional monarch.

Youngest

Alhaji Ado Bayero, youngest ever of Kano's 58 Emirs, and 13th of his own Fulani dynasty, is a cultivated man, and as Chancellor of Nigeria's premier University, Ibadan, is vice-president of the International Association of University Presidents. His prestige is considerable, and his Emirate Council can influence the 18 new and largely elected local governments into which his Emirate has been divided (there are similar arrangements in the other emirates). As in other States the local government are now responsible for a wide range of services, previously under the NA, including elementary education, and receive funds directly from the federal government, while the federation has also taken over some important NA functions.

The Emir, however, is also a

religious leader and, for example, authorises establishment of certain mosques. And he still appoints the District Heads, mostly drawn from families traditionally holding these offices, who remain key figures under the new system, and in turn appoint the Village Heads on whom law and order and much else in the countryside still depend.

The 800-mile railway reached Kano from Lagos in 1911. Even earlier the direction of Kano's trade was shifting from the trans-Saharan routes to those to the south. Then began the export of groundnuts, previously consumed locally but whose production the peasant farmers rapidly expanded in response to the incentives offered by traders. For 60 years huge pyramids were to be a feature of Kano's skyline: pyramids expertly built of sacks of groundnuts, covered by tarpaulins, awaiting railment to the ports. Kano was the clearing house for most of the exportable crop of Northern Nigeria of which Kano State itself produced around half.

Four years ago the pyramids disappeared. Kano State's purchases for export and for the city's mills dropped in 1973-74 to some 9,000 tonnes because of drought. In 1975-76 purchases were nil, because of disease, and there has been little recovery, although some losses may have been due to smuggling of nuts into Niger Republic for higher prices. Farmers, disheartened in Kano as in other groundnut producing States by the repeated crop failure, abandoned groundnut production for export—they have always consumed some of the crop themselves or sold some to village oil mills.

Yet at the record prices now offered to producers by the federal Groundnut Board, a Kano crop of the former size could have brought to the State some N70m. The loss of this purchasing power, even if offset to some degree by money earned from other food crops, and the loss of the considerable earnings of the groundnut entrepot trade, are seriously affecting trade. It is now hoped

that in this season, with good rains, such groundnuts as have been planted will show good results, and encourage farmers in the next season to plant on the former scale.

Most cash circulating in the State, therefore, now probably comes from Government spending—from oil. Whether the spending is done directly by the federal Government—on improving Kano's international airport or roads, for example—or on the State Government or universal primary education (UPE), or irrigation, or by the new local governments, on boreholes, markets, dispensaries and the like—it nearly all comes from the federal oil revenues which now help to keep afloat the State, which is remote from the oil areas. Yet largely because of the fall in these oil revenues, the estimated capital expenditure of the State has been cut from the N256m of 1977 to N102m this year, while the recurrent expenditure, estimated at N147m, is N50m down on last year. No wonder that the 1978-1979 State budget was officially named "Tightening the Purse Strings."

Groundnuts, cotton, animals and animal products, and federal oil money are not, however, the State's only assets. For centuries Kano city has been a cosmopolitan entrepot and craft centre, famous in particular for its cloth. The farmlands of the emirate are among the oldest in the world to have been continuously farmed. When Commander Clapperton entered the city in 1824 he donned his ceremonial Royal Navy uniform for the occasion. Nobody paid any attention—they were used to strangers of every kind.

Boundaries

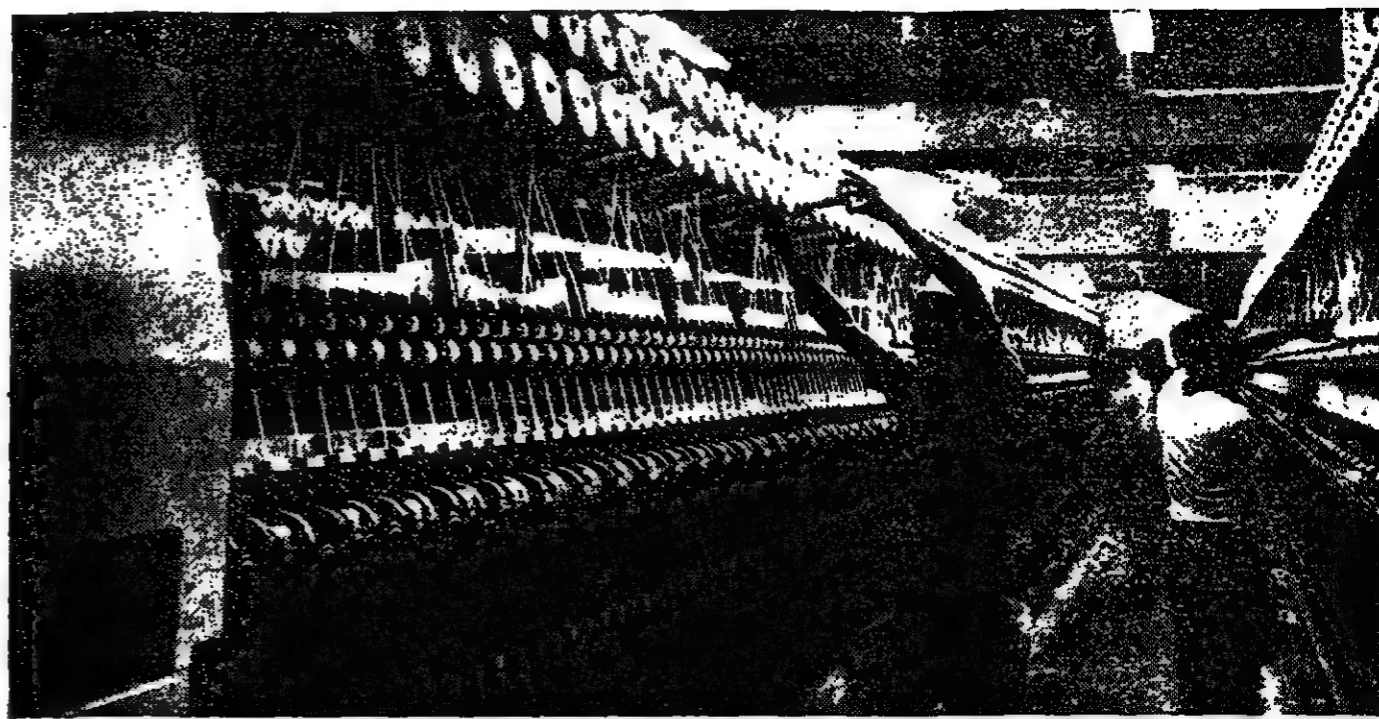
Kano merchants have traded far beyond the boundaries of modern Nigeria; but until recently their interest was in the quick returns of trading and later of transport, contract and cement block making. Today they are turning their attention to industry, pioneered in the city by foreigners who

are now obliged—and want—to seek local participation. Of the 218 listed in the handbook issued by the Ministry of Trade, Industry and Co-operation, as the State's "main businessmen," some of the best-known are said to be interested in industry and foreign groups can usually find local partners.

The main industry is oilseed milling, but the biggest plant, the State's own mill, is working at only a fraction of capacity and depends largely on cottonseed instead of on the groundnuts for which it was intended. Its management is even considering the import of seeds to crush. But some 142 industrial enterprises are now regarded as "large" or "medium" (perhaps only the State oil mill with a capacity of almost 200,000 tonnes a year, is really "large." They range from a Bata shoe factory and a brewery to tanneries and textile and clothing plants.

There is a flour mill with a capacity of 625,000 tonnes a year; there are plants making plastic footwear (one with a capacity of over 3m pairs) an ICI-associated paint plant, furniture works, cosmetic and confectionery manufacturing and metal fabrication. The original industrial estate of Bompai is fully occupied, and the second phase of the new Sharada estate and development of the Challawa estate, are going ahead. A glass industry and the manufacture of dry batteries and plastic pipes are planned. Kano, once called the Manchester of West Africa because of its cloth, may one day deserve the title again.

The constraints, however, are formidable. First is the continual failure of NEPA (the electricity corporation) to pro-



A Nigerian Spinners and Dyers cotton mill at Kano. Lack of skilled labour is proving a barrier to industrial growth in the State.

vide power for industry, which means constant interruption to production, or the heavy objective of the State's educational plans. The railway is now a congested link with a congested Lagos harbour and many companies resort either to the more expensive road transport or air freighting for all but the heaviest imported items.

The business acumen of foreigners or people from outside the State for specialists in industrial management and the industries depend heavily on expansion which universal pupils to remain on the land rather than flood into the city. But now, with the vast development of a number of

mill. There is no shortage of pupils in primary schools (the percentage of girls is still low) and over 10,000 in secondary schools. Technical education lags behind, although Kano also has a federally managed university.

Farming, however, will long remain the main occupation of Kano State people, and the Ministry of Education is much exercised by the problem of adapting curricula to induce pupils to remain on the land rather than flood into the city.

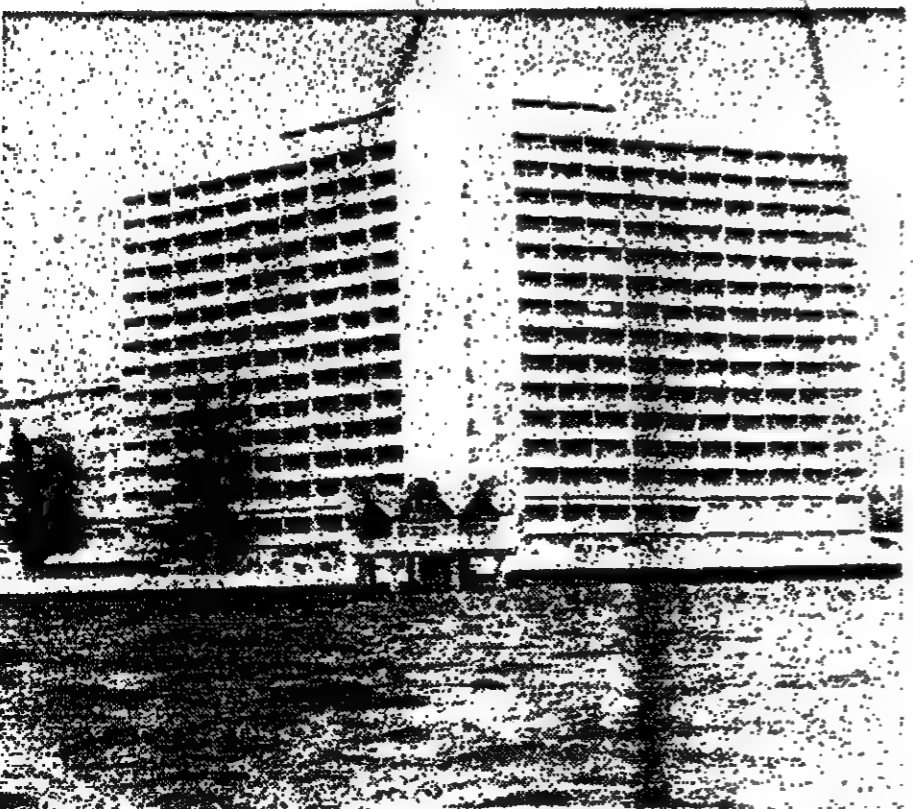
Development of a number of

big irrigation schemes, of rural water supplies and of rural health services are intended as much to make farming attractive as to raise living standards. Electricity has been brought to the smaller towns by the State's own authority.

The ancient capital will always attract people from the countryside. But the prosperity of the city itself, and of its industry and commerce, will depend mainly on the prosperity of the farmers, today, just as much as it did 800 years ago.

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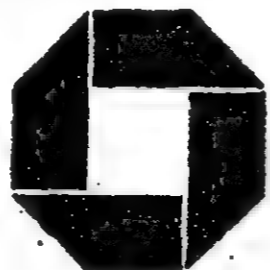
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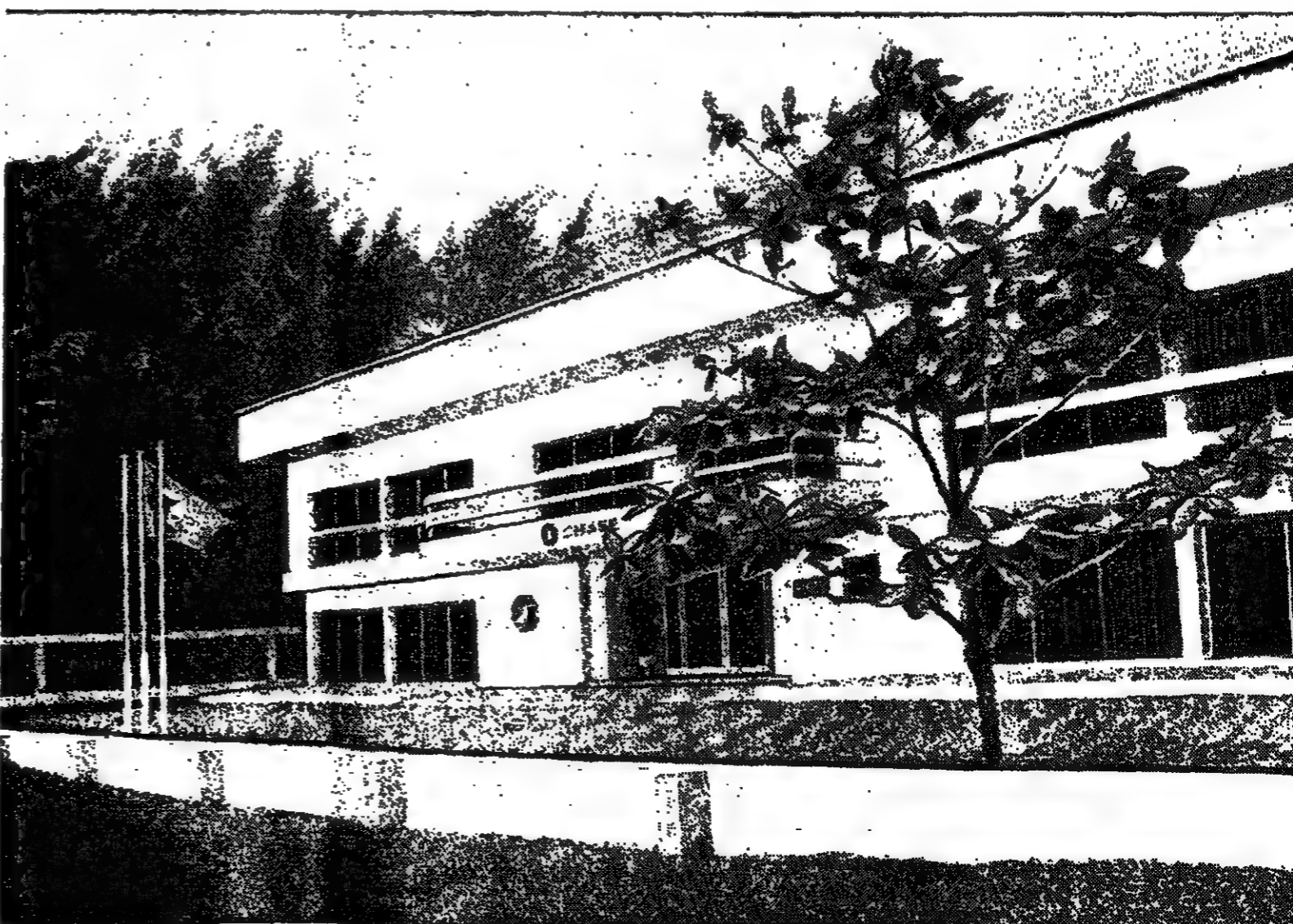
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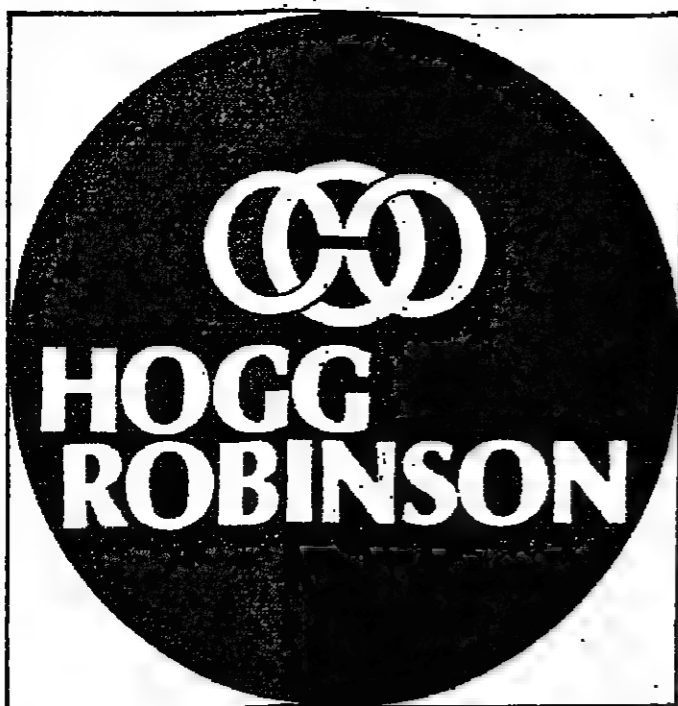


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سكاي لايف

NIGERIA XIV

Coherent planning is the major need

BENDEL

AS BEFITS the centre of the ancient Bini culture, Benin City, the capital of Bendel State, has a fine new museum. But the pleasing modern structure sits forlornly on its grassy island surrounded by a sea of traffic racing round a six-lane roundabout. Crossing to the museum is like walking blindfold across the Place de la Concorde. To the observer it seems that although the right intentions were there—to build a museum, to ensure the free flow of traffic and to make use of available land—the planning was wrong. It would be very unfair to say that was typical of Bendel State as a whole but it is illustrative of how development has sometimes gone wrong. Bendel has no more white elephants than other States of the federation but what strikes the visitor is how highly developed some sectors are—roads, education, office blocks—while others like health, water supplies and agriculture have fared much worse. In short development seems lopsided.

Bendel has apparently recognised this fact itself by commissioning a major study to produce long-term development objectives and give a balance to planning strategy. The study in itself reflects an aspect of Bendel which is impressive and which will carry it over its present problems. As was shown by its recent decision to float its own State stock even without federal underwriting, Bendel is full of energy and imagination. If Bendel succeeds with the flotation other States may follow. The feeling seems to be that if anyone can do it, Bendel can.

What makes Bendel such a fascinating State is the wide mixture of geography and tribes within its boundaries. The people of Bendel themselves are fond of using the cliché "Miniature Nigeria" when they want to describe the wide ethnic spread. Bendel was carved out of what was the Western Region and made into the Midwest State in 1963, since when its borders have remained unchanged. It seems strange to a visitor that anywhere so diverse could have any cohesion at all but that it does is partly thanks to the fact that Benin City is the undisputed focus of attention, or has been up to now.

Relentless

Benin City has suffered the same relentless population growth as other urban centres of Nigeria and shares the same headaches of inadequate planning, insufficient infrastructure and ever-increasing population. The broad avenue of the newer part of the town can just about cope with the heavy traffic but the mud-coloured old town chokes in a cloud of exhaust fumes as an endless stream of lorries and cars bumps and winds its way down the unpaved roads. A heavy pall of red dust covers everything when it is dry and quickly becomes large pools of red mud when it rains.

In terms of known natural resources Bendel is probably the richest State in the country, producing as it does more than half the country's onshore oil

and having a large part of its oil reserves. But because of the need to share oil revenues among all the States, Bendel can only have a slice of the cake and is therefore, like all the States, feeling the pinch this year of the drop in oil revenues. But Bendel was fortunate in that much of its infrastructure has already been built and a lot of money comes its way indirectly from having oil and oil based industries in the State.

Much of the basic infrastructure and many of the prestige projects date from the pre-1975 State government, which was one of the most prodigal spenders in the federation during the heady days of rising oil revenues. Millions of naira were poured into roadbuilding and reactivating costly and largely inefficient public sector industries which had been allowed to run down during the civil war. But for the visitor the most conspicuous product of the free-spending is the multi-storey office blocks which house the State administration and which tower imperiously over the squalid roadside shacks of old Benin.

The present administration puts much of the blame for its own financial difficulties on the shoulders of the previous government. When it took over it found that contractors had not been paid for the previous two months and that the State was in debt to the tune of N92m. The Federal Government stepped in to bail out the State but a more serious long-term problem was how to finance the massive capital projects to which the State was committed. To make matters worse, a change in the methods of revenue allocation meant that revenue from the Federal government fell 40 per cent between 74/75 and 76/77.

The new government, installed in early August, 1975, promised sane financial management and realistic spending policies. But it seems from the budgets of successive years that there was only a woolly approach to planning and an attempt to run State affairs with large budgetary deficits. Budget speeches spoke of the hope that borrowing and tightening up on internal revenue collection would plug the gap. Instead, the capital expenditure programme had to be savagely trimmed as the year went by in both 76/77 and 77/78.

One of the biggest drains on the State's finances proved to be the deadweight of State industries which were either new or had been reactivated after the civil war. Management had come to look on the State Treasury as a sort of Father Christmas and huge losses were clocked up.

The 1975-76 budget promised that State industry would have to do all its own financing unless there were particular capital projects requiring funds. All the top management jobs were advertised at realistic salary levels comparable with the private sector and State companies were for the first time obliged to have an annual meeting and appoint directors. Not all State industries have since proved successful — the Asaba textile mill has been working below capacity because cotton has been hard to obtain. But the Bendel Brewery in Benin City has recently completed a N3.6m expansion programme with commercial loans; the Ukilla cement factory has increased production from

150,000 to 450,000 tonnes a year and should be working at full capacity by the end of the year, and the Delta glass factory now has a bottle factory nearby, capable of producing 45,000 tonnes of bottles a year which with private enterprise. The administration is looking at the possibility of increasing private participation in any future ventures.

Agriculture on the contrary has come a poor second to industrial development, even though around 70 per cent of Bendel's population still earns a living in that sector. Before the civil war, the State produced around 40,000 tonnes of palm kernels for export every year; now production is thought to be less than half and none is exported.

Only rubber has kept up output. Bendel still accounts for 80 per cent of Nigeria's domestically produced rubber with an annual production of 60,000 tonnes in sheet and crepe. The Rubber Commodity Board has its headquarters in Bendel and the State-run Rubber Development Agency buys and processes rubber from smallholders as well as running a 2,000 hectare plantation itself. Timber has long been a major industry—the giant Sapele complex, now 60 per cent Nigerian owned, is described in detail in tomorrow's Survey.

The State also runs a heavily subsidised bush-clearing and tractor hire service for medium and large-scale farms and last year 2,000 hectares were cleared. The forestry sector is

also given some Government help but there is little in any budget for the small scale farmer. There is a lack of extension services and a need for a greater distribution of improved seeds and fertiliser though there are now plans to establish 11 agricultural service centres in the state.

The budget for 1978-79 shows little change in the basic pattern of Government spending. Total revenue is expected to be N356m of which the Federal Government statutory allocation is N144.6m and non-statutory allocation, including grants, is N40.3m. Of that 58 per cent goes to the two Ministries of Education (31 per cent) and Transport and Works (27 per cent). On the other hand, Health gets 9.5 per cent and Agriculture 4.5 per cent.

Industry

The sector for development is firmly on industry and nowhere is more clearly shown the fruits of that development than in the "Wild West" boom town of Warri, now the commercial capital of the State. To the visitor Warri is a traffic jam which grinds past rows of poky lock-up shops and corrugated iron shanties. To the planner Warri is an instant economy thrombosis. But to the businessman and the trader Warri is the throbbing nerve centre of the region with its port, oil refinery and soon a steel new one. It was oil which first brought

wealth to Warri but since then it has diversified into anything profitable. The old port can handle up to 11 ships, using lighters but its cargo-handling and storage facilities are severely strained by the present massive inflow of goods—mainly cement. So next door Julius Berger, the West German construction company, is building a new five-berth dock with transit sheds, storage and administration buildings at a cost of between N80m and N100m.

Nearby works has also started on the giant steel complex which is being built by a West German consortium at a cost of around N450m. It has progressed slowly because of continuing negotiations over the final cost of the plant. However, the oil refinery is now completed and should already be on stream, though it will not reach full production before the end of the year at the earliest. Built by the Italian firm of Snamprogetti at a cost of N350m it will be able to refine 100,000 barrels of crude a day. Warri is in an even worse position than Benin when it comes to basic amenities and the local council believes the only thing to do is build a completely new town on a fresh site. The authorities say it will be almost impossible to bring proper water supplies and drainage to the old town and the Federal Government is now considering the plans for the new one.

M.W.



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NIGERIA XV

Firm base laid for statehood

OYO

A RELENTLESS red-brown carpet of rusted corrugated iron rooftops sweeps away to the misty horizon as you stand on one of the hills that overlook Ibadan and stare down at the densely packed houses of the capital of Oyo State.

But even on a quiet hilltop you are not isolated from the chaotic vitality of its narrow, teeming, muddy streets; up the hillside rises the incessant blare of car horns from frustrated motorists caught in Ibadan traffic jams, which are among the worst in Nigeria.

The only respite for the eye is at small complex of tall, modern office blocks grouped around the 27-storey Cocoa House, which soars above the rusty rooftops and dominates the skyline. But so large and far-flung is Ibadan that these symbols of modernity stand awkward and isolated, almost apologetically out of place.

Juxtapositions of the old and new are a distinguishing feature of Ibadan and of Oyo. The city, the home of more than 1.5m people, was founded in the 1820s as a Yoruba wartime defence base. The State was only founded two years ago when the former Western State was divided into three—Oyo, Ogun and Ondo.

Oyo takes its name from the Yoruba empire which flourished from the 16th century and the State contains two of the most revered centres in Yoruba history: Ife and Oyo town. Ife is the spiritual home of the Yorubas, since by tradition it was here that Oduduwa, the tribe's ancestral father, first settled. Historical consciousness is still very much alive and the embodied in the Oni of Ife, the town's traditional ruler and guardian of the spiritual home. Oyo town is not the site of the capital of the ancient empire (this lies to the north in Kwara State) but it has been the home of the Alafin, or traditional ruler of Oyo, since the early 18th century.

Valuable

All these appeals to history have doubtless been valuable in giving the inhabitants of the new Oyo State a sense of identity. But it is possible that the everyday contemporary trappings of statehood are an equally potent force—the letters OYO on all car number plates and the brass local radio station, with its slick frenetic disc-jockeys and equally slick name. It is not called Radio Oyo but Radio OYO, the letters being pronounced to create a much racier, American-style impression.

The State Government's information department has also been working hard to create a sense of identity. When the visitor arrives in Ibadan he is met by a well-produced pamphlet detailing the work of the Ministry of Oyo State in most populous state in Nigeria.



The Ikere Gorge dam will serve the town of Iseyin in Oyo State and also the irrigation needs of the Oshun River Basin Authority. The photograph shows engineers working on the project. Consulting engineers for the project are Scott Wilson Kirkpatrick and Partners.

action" runs the blurb on the cover) and historical portraits of virtually every town.

All this, together with the powerful personality of the State's first military governor, who has just left office, does seem to have laid the basis for a sense of statehood. Certainly, the State seems particularly aggressive in its will to succeed and to attract industry.

Nor is there any detectable sense in Ibadan that the city has been diminished by the breaking up of Western State, of which it was both the administrative and commercial capital. When Ogun and Ondo were founded there was initial concern that there would be a substantial exodus of qualified manpower. Some senior civil servants have left Ibadan but otherwise there has been little appreciable effect.

The city remains the centre of Yoruba political manoeuvrings and a very important commercial centre, typified both by Cocoa House headquarters of the Nigerian Cocoa Board, and by the thousands of small-scale enterprises in the city's back streets. But severe traffic problems and the mounds of uncollected, rotting garbage which litter the streets point up the severe infrastructural problems that Ibadan is suffering together with other Nigerian cities.

Since Ibadan was the former capital of the entire West, Oyo started life with immense advantages when compared to Ondo and Ogun. It already possessed the Government offices and civil service hierarchy which the other States had to build up from scratch. Fixed assets of Western State remained where they were, split as to half in equal shares and half on the basis of population. This meant that Oyo, with a huge dossier of well-produced pamphlets detailing the work of the Ministry of Oyo State in most populous state in Nigeria.

took the largest share, 44 per cent.

Another valuable legacy was Ibadan's prominence as an intellectual centre. Its university (and there is a second one in the State at Ife) is Nigeria's oldest. The city also has a polytechnic, a major teaching hospital and several research institutes.

Potent

The University of Ibadan has been a particularly potent force. Because of it, the city has become Nigeria's publishing centre; State Commissioners (Ministers) have been recruited from its staff; and it has played an important role in stimulating current debate about Oyo's strategy and aims in the next development plan, running from 1980 to 1985.

One of the most crucial issues to be faced (as in every other Nigerian State) is how to raise agricultural productivity. Lying partly in the rain forest belt, Oyo can produce a wide variety of crops but is best known for cocoa. It is one of Nigeria's three cocoa producing States and Ibadan is the centre of the trade.

But cocoa production has been on the decline and the output of foodcrops had not kept up with the population increase. Reasons include the small and fragmented nature of holdings, the failure of farmers to use fertiliser and the ageing nature of the farming population. Only 12 per cent of Oyo farmers are under 34.

The Government is full of good intentions towards agriculture, wanting to consolidate fragmented holdings, encourage co-operatives and thus mechanisation, and perhaps eventually bring in a new breed of farm managers. But in common with other Nigerian States its outlay on agriculture (less than 4 per cent of this year's capital

budget) is small when compared to education and road-building projects which may improve the quality of life but are not directly productive.

Unlike most other Nigerian States, which have been cutting back sharply on expenditure, Oyo is planning to increase its spending this year over 1977-78. Recurrent expenditure will be up to N174m from N129m and capital expenditure up to N348m from N237m. A major reason for this is the State's major roadbuilding programme, with State works projects taking the largest share of the capital budget (37 per cent) followed by education (35 per cent).

Moreover, while other States have been trying to reduce their budget deficits or even eliminate them, Oyo is going against the trend by increasing the size of its deficit this year—to N220m, up 27 per cent over 1977-78. It is not entirely clear how it will finance a deficit of such magnitude.

The State's prospects for industry look considerably brighter than those for agriculture, even though several major projects meant to be completed in the current development plan period will have to be rolled over to the 1980s.

A number of large-scale industries have long been in Ibadan (the Nigerian Tobacco Company's cigarette factory opened in 1937) but a substantial expansion is under way now led by Leyland Nigeria, which is building a major commercial vehicle plant on the outskirts of the city. This is due to start production next March and will be the State's largest single employer.

There will be a substantial spin-off from Leyland. Already two British motor component companies—Pilkington Glass and Turner and Newall—are setting up operations in Ibadan, while a third, Lucas, is looking into the possibility.

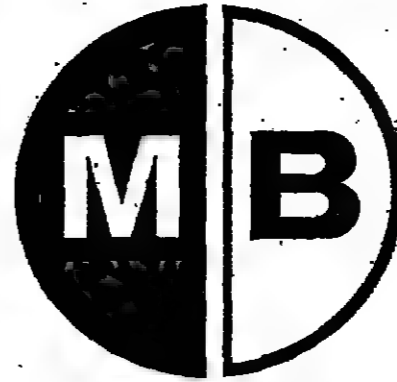
Oyo is keen to attract fresh foreign investment and the opening of a new expressway to Lagos and the Apapa docks, cutting in half the time it takes to drive the 80-mile journey to Ibadan, will increase the city's attractions as an investment centre.

However, the Government is equally keen to see industry distributed as widely as possible across the state, as well as drawing to the utmost on local raw materials. It is therefore planning to establish industrial estates at seven other centres apart from Ibadan. State-sponsored projects that make use of local raw materials include a burnt bricks factory, another for marble finishing and a third for ceramics.

Another project of which the state is particularly proud is its development of small-scale industries, making such items as nails, wrist watches and poultry feeds. So far some 75 concerns have taken advantage of loans totalling N5m. This may not be financing on a grand scale, but such companies could provide a valuable breeding ground for indigenous industrialists.

Officials argue that if it has done nothing else, the break-up of the old Western State has encouraged Oyo to adopt a far more aggressive, competitive approach to industrialisation and has meant a greater concentration of Government services generally on more far-flung parts of the State which might have been ignored before.

Certainly, the refreshing vigour with which future planning policy is being debated by all sections of the community—from Ministry officials to market women's representatives—implies no complacency. But for all the talking, the State still has to prove that it can realistically tackle its most pressing problem, that of agricultural development.



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NIGERIA XVII

Spending cutbacks hold up growth

ANAMBRA

IF YOU cross that fine four-lane bridge over the Niger into Anambra State a number of things may strike you immediately. If you're unlucky, the rest will be an oncoming car carrying out a fifth lane right down the middle of the bridge, supposing you survive that, the first thing you will see once safely across is the seating area of industry which is the own of Onitsha.

Onitsha is one of the most impressive post-war reconstruction stories of what was the breakaway nation of Biafra. Onitsha was the scene of some of the fiercest fighting during the war and was heavily shelled. Yet today the town is bustling with activity. The new N10m market is one of the biggest in West Africa and a steady stream of lorries and packed mammy wagons winds its way into town carrying goods from all over the country.

The mushrooming population has put the already limited amenities under severe strains but plans are under way to install storm drains and sewers and to improve the town's water supply. The population is thought to be 500,000 but people in the town say that when the market is at its busiest up to 1m pack the streets. A plan being considered to run a road to Onitsha from Port Harcourt and then up to the north would even further enhance the town's position as a trading centre.

Doorway

Onitsha has always been the doorway to the east of Nigeria. It was a thriving trade centre when that part of the country was called the Eastern Region, of which Enugu was the capital. When the Eastern Region broke away from the federation and declared itself an independent nation in 1967, Onitsha still managed for some time to carry on trading by smuggling goods in small boats across the river and even across the bridge itself. After the war, however, the 1967 creation of states became a reality: the East was split into three; and then, in February 1976, into four. The former East Central State, the "Ibo heartland," became two states: Anambra and Imo.

Anambra and Imo, both densely populated, saw little progress in physical reconstruction in the immediate post-war years. In some ways the split has proved helpful by creating alternative centres of growth. The first East Central State development plan for 1970 to 1974 listed the damage done during the war: 53,732 commercial and private buildings destroyed, 464 miles of roads made unusable, 65 bridges down, 854 schools destroyed and 800,000 unemployed. Yet despite Federal governments help, the second development plan for 1975 to 1980 admitted that little had so far been achieved—for instance only half the bridges had been rebuilt.

Even now it strikes the

visitor how many burned out derelict houses stand along the road between Onitsha and Enugu, as mute reminders of the war. And as you bump your way along the pitted road to Enugu, avoiding the potholes, it is like trying to play hopscotch in quicksand.

One prominent Ibo blamed the lack of progress on the Anambra and before that the East Central State administration. He felt that the civil service had lost its nerve and was showing no imagination or energy. He said that East Central State had not profited from the post-war reconstruction boom which was felt elsewhere in the country because it was still suffering from a kind of post-war paralysis. By then a lot of the fire had gone out of the economy and State budgets had to be trimmed in line with falling receipts from oil.

He believed that Anambra could develop best through imaginative use of its primary natural resource—skilled manpower. The East has always had a good educational tradition, partly as a result of missionary activity. Thanks to their education and because Onitsha has always been densely populated, the tendency has been for Ibos to seek work in other parts of the federation, many of them in the professions.

But if the skilled Ibos were prepared to stay at home—given that there was no real agricultural tradition in the State but a reservoir of skilled people—the answer for the State's future, he felt, was to make it a Nigerian Hongkong with lots of manufacturing industries.

There appears to be an earnest desire to encourage the growth of industry on the part of the State administration. But so far things have gone slowly. Some industries were reactivated after the civil war and for those, results have been fairly mixed. The Nigerian factory at Nkalagu founded in 1954 has just completed an expansion programme which has boosted its production to 720,000 tonnes of cement a year. On the other hand Nigergas and Nigersteel at Emene are said to be hampered by the lack of fresh investment capital.

However, Turners Building Products at Eneke, established long before the war and in

which Turner and Newall has a large stake, is in the process of expanding its production capacity at a cost of over N25m. By next year, it hopes to be able to produce 47,500 tons of asbestos cement sheets and pipes a year, compared to 22,000 tons at present.

New industries have proved more successful, especially the brewery at Onitsha opened last December. It is already working near its capacity of 360,000 cartons of beer a month and the plan is to double its capacity by extending the present workings by the end of next year. Following its success there are plans to build two other breweries in Onitsha.

In the near future a polyester fibre factory is planned in conjunction with Textile Alliance of Hongkong which would be 70 per cent State financed. Skoda Export of Czechoslovakia wants to establish a metallurgical industry and Germany's Delmiser-Benz is planning a lorry assembly plant near Enugu. To try and encourage the pace of industrial development the State government is handling all its interests progressively to the semi-autonomous Central Investment Company. CIC's brief is to finance interesting projects, hold government equity and buy into new firms when possible.

The State administration laments that it could do far more if, like all the other States in the federation, it were not short of funds. As the former Military Governor of the State, Colonel John Kpera said in introducing the 1978/79 budget: "On the whole we have had more setbacks than achievements." He put the blame entirely on a lack of money.

Statutory

The total budget revenue (recurrent and capital) for 1978/79 is expected to be N213m. The statutory allocation from the Federal government is 8 per cent down on the previous year to N86.8m and grants for UPE and local governments are also substantially down to N43m. For the first time in three financial years, however, the State has nonetheless tried to balance its budget.

As in previous years education takes the biggest slice of the budget with 28 per cent (N70m) of recurrent and capital expenditure. Even that has not

proved nearly enough and in many parts of the State villages and communities have got together to build their own schools, both primary and secondary which the State then runs. In addition, Anambra is one of the few States which makes a levy of N12 per child per term from parents in order to pay for equipment in the schools.

Road-building takes 15 per cent (N32m) of capital expenditure after a big effort at constructing more roads was undertaken last year. But because allocations most of the roads which it had been hoped to rearmar will now be patched up and N10m has been included in recurrent expenditure.

Agriculture receives N10m to cover recurrent and capital expenditure—something which has caused a lot of heart searching at the Agricultural Development Corporation, the farming arm of the State administration. It complains that many of its projects are starved of funds or that money is not made available following the seasonal pattern of growing. For instance an oil palm project at Inyi-Ugwoba had envisaged cultivating 6,800 hectares of land by 1980. Up to now, only 220 hectares have been planted with the possibility of another 250 this year.

Other projects including the giant Niger basin rice scheme, grain storage and cashew development are all awaiting funds, although it is hoped the Federal Government might finance the Niger basin development. Even the World Bank-financed rice project in the north of Anambra has run into financial trouble. The State government is unable to find sufficient funds to advance to the project even though the World Bank will the cover the recurrent expenditure.

Officials at the various Ministries point out that nowhere are the cutbacks in spending more obvious than in the Ministry buildings in Enugu. To the observer the buildings do not look so much run down as exhausted: the once bright capital of the Eastern Region seems a sadder place now, despite its charming little parks and tiny zoo. There certainly seems to be vitality in Anambra but it is apparently concentrated in the new urban growth centres and away from the capital itself.

M.W.

Prosperity

CONTINUED FROM PREVIOUS PAGE

work. The state is now served by a network of wide fast roads which would amaze British officials of 25 years ago. Local contractors get much of the work, but some are criticised for shoddy results, and none is yet big enough to compete with international groups.

There is a wide variety of small industrial enterprises—some run by Nigerians from other parts of the federation—which include rice milling, cement-block making, leather working, tailoring, local textile weaving, printing, even the specialised making of portable thatched roofs for huts and of saddles and harness for the horses which, if no longer always essential for transport,

are still a mark of status. A state scheme assists such enterprises with loans—albeit under stringent conditions. Many have been concerned in its construction and in the irrigation and flood control works spread over some 25,000 hectares. But it is only the first stage of the Sokoto basin, which includes another major dam, at Goronyo near the Niger border, which will control the Rima floods almost as far as the Niger. The State's own irrigation plans affect many areas, and there are even experiments with sprinkler irrigation.

Provision of water for towns and villages accounts for 10 per cent of this year's State capital budget; last year the percentage was higher. For all its plans, however, the State depends heavily on great efforts to reverse the decay of farming and the excellent but small group of administrators of Sokoto State. The State depends on might dry up and the soil Indians, Pakistanis, Egyptians degenerate. There were also on British consultants, for its people would have to abandon the area.

The possible depopulation of Sokoto may have been a fantasy. But politically, in any case, such depopulation is unlikely. For this is the seat of the great Fulani Caliphate of Sokoto established in 1808, and its Sultan is the most important traditional ruler to have survived in West Africa.

As "Commander of the Faithful" he is looked to for spiritual leadership by Muslims not only throughout Nigeria but in much of West Africa, and Sokoto is a place of pilgrimage for thousands from as far away as Senegal. It was the 75-year-old Sultan who this year, as usual (but this time interrupting an American film on the State TV service) announced to all Muslims in West Africa that the moon had been sighted for the beginning of the great Muslim Ramadan fast.

The State government in any case is determined that the people of Sokoto should remain and that they should prosper. Irrigation and water control are at the centre of its policies and those of the Federal Government.

The Bakolori dam, a federal project, whose concrete centre

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NIGERIA XVIII

FOREIGN POLICY

A change of emphasis

The past year has been notable for a toughening of Nigeria's attitude towards Apartheid in South Africa and towards those countries and corporations who appear to be supporting it. One manifestation of the new policy was the withdrawal of Government accounts from Barclays Bank because of its South African operations. But at the same time the Government has become more deeply involved in attempts to find political solutions to the problems of Southern Africa. The articles on this and the facing page describe how the emphasis of Nigeria's foreign policy has changed, and look more specifically at the country's relations with Britain, which have been under some strain in the recent past, and with the U.S., which are characterised by a new cordiality.

A YEAR AGO this month Nigeria was host to the World Conference for Action against Apartheid, and in his opening speech, Lt-Gen. Obasanjo, the Head of State, attacked multinational corporations for "contributing in no small measure to the evil machinations of apartheid." Nigeria was "mounting surveillance on all those enterprises who depend on our raw materials and markets but continue to help our enemies. Such enterprises must decide now to choose between us and our enemies." The Head of State added that all foreign contractors who were known to have links or connections with South Africa had already been barred from obtaining contracts in Nigeria, and that an economic intelligence unit had been set up "to ensure the successful implementation of this policy."

This announcement came as something of a shock to the outside world, for while Nigeria had long joined other African countries in condemning White minority rule in Southern Africa, this was the first public declaration by its Head of Government that Nigeria was preparing to impose its own sanctions in pursuit of its anti-apartheid policies. Inevitably, the ramifications of the new policy were feared, for with the economic boom of the past few years, Nigeria is already a more important trading partner for many Western European States, including Britain, than South Africa itself. And if investment in Nigeria was—and is—still considerably smaller, the potential threat to foreign business in Nigeria was substantial.

It is not easy, in Nigeria today to find out how the intelligence unit is operating, or precisely how the general policy is being applied. For although there has been one highly publicised action against a British bank involved in South Africa as well as Nigeria—government accounts are being withdrawn from Barclays Bank following its chairman's announcement that Barclays would continue to maintain its South African operations—officials are not keen to talk about the operation of the special unit, and its findings are not made public. Most foreign businessmen for their part keep silent about any connections they may have with South Africa, while crossing their fingers that the policy will be pragmatically applied. And indeed so far, apart from the Barclays case, pragmatism does appear to have been the order of the day, not only because this has been a keynote of Nigeria's overall foreign policy since independence, but also no doubt because the current necessity for financial stringency in the economy is exercising a cautionary influence.

Aggressive

Nevertheless, Nigeria's considerably more aggressive attitude towards White rule in Southern Africa shows a marked change of emphasis in the country's foreign policy over the past three years. The change, visible not only in relation to foreign business in Southern Africa, but also in increased Nigerian participation in initiatives to find negotiated settlements there, is attributable mainly to the Murtala Mohammed / Obasanjo government. A more dynamic foreign policy was a natural corollary to the reforms which the Government made its domestic priority in mid-1975, following the overthrow of General Gowon, while a more positive approach towards African and world problems has also grown out of the increasing self-confidence born of the country's oil wealth.

The wounds heal slowly

THE BRITISH CONNECTION

YORKSHIRE PUDDING. That is the somewhat bizarre topic of conversation as you sit sweltering in the office of a senior civil servant in Lagos. He is waxing lyrical about the dish, for which he acquired a taste while at school and university in England.

In Ibadan, a British woman educated at the university there gently chides you for not sharing her taste for that ubiquitous Nigerian dish, pounded yam.

This may seem a facetious way to start an article about Anglo-Nigerian relations, but it does illustrate a very important point. Cross-cultural fertilisation and the disparate attitudes of thousands of individuals are the bedrock on which the complex and multi-layered relationship between the two countries is founded.

It is superficial to try to analyse Anglo-Nigerian ties solely in terms of trade statistics or by the rise and fall in the diplomatic barometer. These factors may be important, but they are far from being the whole story. Bilateral trade gaps may widen or narrow, diplomatic relations improve or deteriorate, but such developments are marginal to how individuals in each country view each other.

Central to the relationship is the constant flow of people between the two countries. When taking holidays abroad, Britain is still the first country to which Nigerians look, partly for language reasons but also because the British way of life is more readily accessible. There are now more Nigerian children at British schools and universities than ever before, there is a regular influx of adults for short-term training courses, and many more members of the Nigerian elite are now buying houses in Britain, which for some has almost become a second home.

Many of Nigeria's top military

leaders received training at British institutions. Lt-Gen. Obasanjo, the Head of State, was at Mons and later went through the Royal Engineers Young Officers' course at Shrivenham, where he received a citation as "the best Commonwealth student ever." Lt-Gen. Danjuma, the Army Chief of Staff, was also at Mons, while Brig. Yar'Adua, Chief of Staff, Supreme Headquarters, was at Sandhurst.

In the other direction, British officers, working under Nigerian Commanders, help in training at Nigeria's Army Command and Staff College and its Army School of Infantry.

Although the High Commissioner refused, Britain was somehow linked in some Nigerian minds with the coup attempt. A demonstration ensued at the High Commissioner, during which windows were smashed.

Relations deteriorated further when Sir Martin complained to the Government of inadequate police protection during the demonstration and requested compensation for the damage to property. However, diplomatically correct this move was, it was a highly impolitic time to make it: the Nigerians accused him of insulting a nation in mourning and requested his recall to London.

Nor did the matter end there. In a confession, Dimka was alleged to have linked Gowon to the coup attempt. The Lagos Government therefore asked Britain to return Gowon to face complicity charges. Britain had to send Mr. Ted Rowlands, the Foreign Office Minister of State, dealing with African affairs, to Nigeria to explain this was impossible in British law.

A further irritant to relations was the case of the Benin ivory mask, symbol of FESTAC, the black arts festival held in Lagos at the start of last year. The mask is in the British Museum, and Nigeria asked Britain to return it for the festival. The museum declined, because of the delicate state of the carving.

It was only after FESTAC, in February last year, that Britain felt able to put a new High Commissioner into Lagos, Sir Sam Falle. For whatever reasons, the Nigerians have not

Certain key principles have governed the conduct of foreign policy since independence. They have not changed, though they are ordered differently. Nigeria's own interests, for example, have always dictated that a top priority must be good relations with its immediate neighbours, all of which are former French colonies. These concerns were paramount during the civil war, when the federal government believed, probably rightly, that France, sympathetic to Biafra, was attempting to influence the country's neighbours to sustain the secessionist state. Today those security risks do not exist, but Nigeria probably still gives more bilateral assistance to its neighbours than to any other group of states.

Likewise, the government still places high priority on economic and political co-operation within the West African region as a whole—Nigeria has played a key role in the formation of the embryonic Economic Community of West African States (ECOWAS) while continuing to pay the lion's share for such bodies as the Chad Basin or Niger River Commissions. It has also, in a wider sense, been a prime mover in African and Third World economic negotiations with developed countries. Nigerian diplomats, for example, exerted a critical influence over the negotiations between the European Economic Community and African and Caribbean developing States in the early 1970s—even though the country itself got virtually no financial or trade advantages from the resultant Lomé Convention. The signs are that it will again be important in the forthcoming renegotiations.

Within this broad attitude towards African co-operation—which has been accompanied by the strong belief that through economic unity the political strength of the continent as a whole can be enhanced—has always gone a general concern with the problems of southern Africa. Nigeria has, for example, always paid its dues to the Organisation of African Unity liberation committee, has always endeavoured to encourage unity among liberation movements, and has not wavered in its demands that

majority rule, whether in Angola or Mozambique, Rhodesia, or Namibia or South Africa itself, should prevail. But the external catalyst for Nigeria's much more active role on southern African questions was the crisis in Angola in 1975. From this developed too a much stronger attachment to and espousal of the long-held principles of non-alignment, which were pungently expressed at this year's OAU summit by General Obasanjo. Paradoxically from the Angola crisis eventually sprang the Nigeria's much improved relations with the United States.

Important

The Angola crisis is arguably the most important event in Africa in the last decade since it opened the door to the possibility of large-scale foreign and military involvement in the continent. For Nigeria's military leaders, the key event was the invasion of Angola by South African troops: it was this, and a peremptory demand from Dr. Henry Kissinger, then U.S. Secretary of State, that Nigeria used its influence as a counterweight to the Cubans and Soviets, that provoked massive Nigerian support (including a grant of N20m) for the Soviet-backed MPLA. The Nigerian response was not made on ideological but on African nationalist grounds, a point which Kissinger appeared to find impossible to understand. (As an article below points out, it is the Carter Administration's greater understanding of such views which has contributed to the improved U.S.-Nigeria relations.)

That Nigeria's prime concern, then as now, is with the independence of Africa and its freedom from all foreign intervention or control is well illustrated by General Obasanjo's speech at the OAU Khartoum summit last month. The speech is perhaps the most complete statement of overall foreign policy ever to have been made by a Nigerian Head of State, and is worth quoting in some detail. The General's speech was made against the background of the second invasion of Zaïre's Shaba province last May which provoked not only the stilted of Europeans by French and Belgian forces but proposals, emanating from Paris and certain Francophone States, for a Pan-African defence force bolstered by European aid. Gen. Obasanjo, echoing comments made by Tanzania's President Nyerere, condemned this as "a most naked and unashamed attempt to determine [from outside] what Africa's true collective interests should be."

The burden of Gen. Obasanjo's message, however, was that West and East alike should allow Africa to determine its own destiny. His language left little room for doubt on either side of the ideological divide. "To the Soviets and their friends, I should like to say that having been invited to Africa in order to assist in the liberation struggle and the consolidation of national independence, they should not overstay their welcome. Africa is not about to throw off one colonial yoke for another. Declaring that Africa's need was for massive economic assistance rather than 'sterile ideological slogans which have no relevance to our African society,'" Gen. Obasanjo added that the Soviets ran the risk "of being dubbed a new imperial power, as indeed they have already being called even by those with whom they have had long association."

But there were equally hard words for the West. "To the Western powers, I say that they should act in such a way that we are not led to believe they have different concepts of independence and sovereignty for Africa and for Europe. A new Berlin-type conference is not the appropriate response to the kind of issues thrown up by the recent unfortunate Kolwezi episode. Paratroop drops in the twentieth century are no more acceptable to us than the gunboats of the last century were to our ancestors."

Western powers—and in par-

ticular, perhaps, governments in Britain—have had difficulty in the past in appreciating that Nigeria is not only endeavouring to be genuinely non-aligned but is beginning to have its political muscle to make its voice and influence felt. The lesson, as articles on Nigerian relations with the U.S. and Britain in this survey indicate, is now being learnt, and Nigerian co-operation has been sought—and has been given in important measure—on major Western initiatives on both Rhodesia and Namibia.

But suspicion in Lagos of Western intentions remains. Foreign policy makers there, as in Tanzania and Zambia, roundly criticise London and Washington for their failure to produce the promised removal of Ian Smith from power in Rhodesia, and they make it clear that any attempt by, for example, a Conservative government in Britain to recognise the Rhodesian internal settlement would meet with total Nigerian opposition.

But there was an added dimension to Gen. Obasanjo's speech which made it all the more remarkable, for he castigated the habit of African leaders of blaming all their woes on foreigners. "We must begin to depart from the diplomatic habit of closing our eyes to what should be deprecated in an African country... the idea of divine leadership in Africa is as past as the idea of divine kingship in Europe... we can no longer hide behind real or imagined foreign machinations for our own failings." Observers believed that immediate target of these remarks was Zaïre's President Mobutu, Nigeria which in the last Shaba crisis endeavoured to mediate between Zaïre and Angola, has grown increasingly sceptical of the Zaïre leader's willingness or ability to reform his country's political or economic system. But there are several others who no doubt did not much like this new Nigerian outspokenness.

Civilian

To what extent might Nigeria's foreign policy be changed if and when a civilian government takes over from the military next year? Obviously no precise answer is possible. If the broad assumption is made that the civilians likely to be leading a new government will come from the older generation of politicians, then it could be argued that a somewhat more conservative policy might be followed than that espoused by the present military government, whose top leadership is comparatively young. (Brig. J. Garba, who has been Commissioner for External Affairs for the past three years, beats Mr. David Owen as a young Foreign Secretary by at least four years.)

On the other hand, however, the more radical, positive stance of the past few years is likely to be appreciated by Nigeria's younger voters and (to be cynical) a new civilian government, faced with great if perhaps temporary economic and social problems at home, may find a radical foreign policy politically convenient.

But there is a central core of foreign policy thinking which the outside world would be foolish to ignore. The country's domestic political complexity may well continue to mean that it will favour pragmatism and compromise in its external policies, if this is possible. But Nigeria is and will remain the giant of Africa, and (trying though some of the smaller states may be) it is bound to be increasingly drawn into assuming a leadership role in issues which affect the whole continent. There is little comfort for the West in the likelihood that these issues in the foreseeable future will centre on the fraught racial problems in Southern Africa and on the growing economic disparity between the world's rich and poor States.

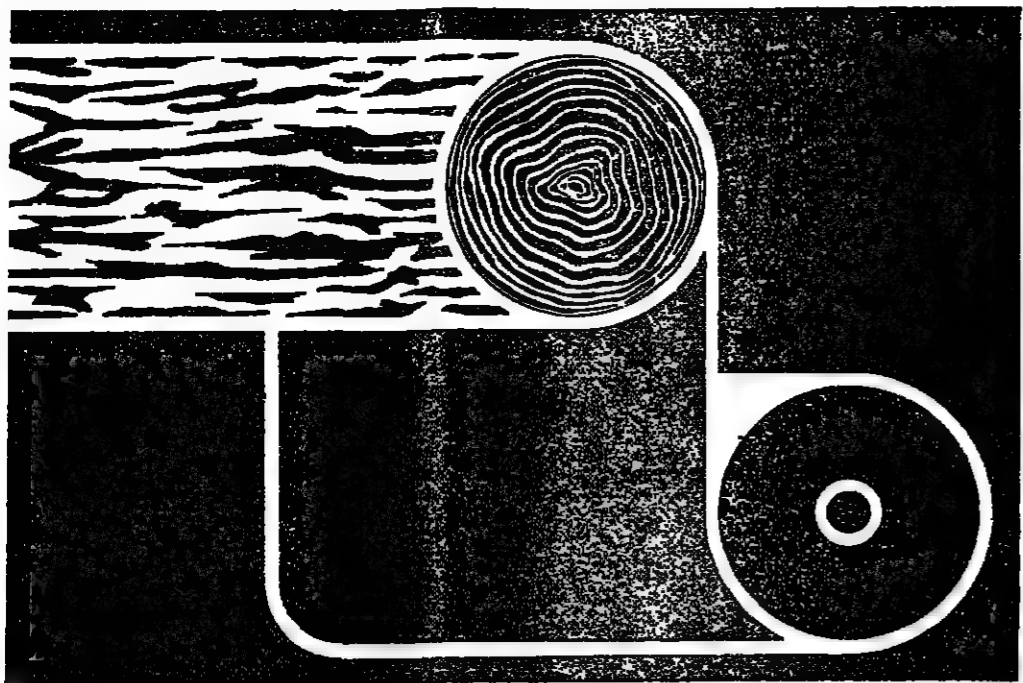
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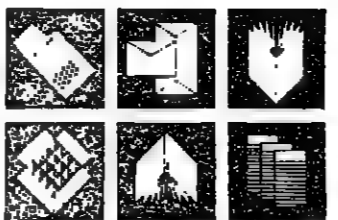
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The dangers of falling in love

U.S. RELATIONS

RELATIONS BETWEEN the U.S. and Nigeria have taken a new turn since the advent of the Carter Administration. This remarkable warmth has been based on the changing attitude of the U.S. Government to Africa and African problems. It seems to us that the aspirations of the African peoples for freedom and genuine independence are now shared by the American Government and people. That is how Brigadier Nvenne Garba, then Nigeria's Commissioner for External Affairs, put the state of relations between Nigeria and the U.S. in June to an audience in Cleveland, Ohio.

A key ingredient in this U.S. attitude has been communication. For the first time since the early 1960s Americans in government are talking with Africans, thanks initially to UN Ambassador Andrew Young's understanding that doing so was vital and his ability to open the way. Some of the most continuous and important talking has been with Nigerians since Brigadier Garba's frank and forceful manner first cut immediately through diplomatic niceties.

Talking became productive in a context of personal rapport and schedules became quickly flexible to accommodate it whenever it seemed necessary on either side. American leaders including the President learnt from Garba and others not just to listen but to hear. It was unthinkable during the Nixon-Ford years to have Foreign Ministers and other high officials from the two countries on a first-name, protocol-free basis, let alone an exchange of State visits. A senior Nigerian ambassador, describing the change, stresses "the accessibility now of America's leaders, their ability to listen and learn—and also their willingness to offer advice."

But while some Americans have waxed exuberant about the new warmth, others know well that such people mishear Nigerians. "The danger comes when Americans fall in love," commented a principal architect of Carter's African policy some months ago. "They become wildly enthusiastic and think they will get unwavering devotion in return. Nigeria will not react well to such assumptions." That some Supreme Military Council members now characterise Government-to-Government relations as "correct" bears out this perception.

Concerns
The quality of relations between the two countries turns, as they long have, on two central concerns: bilateral economics and Southern Africa. Other matters impinge, of course, ranging from one of central practicality—military training—to one of psychological weight, linking the world's largest Black population and the largest Black population outside Africa. Improved bilateral economic relations have come directly from improved communication. Since Lt-Gen. Olusegun Obasanjo's visit to the U.S. in October 1977 more than 40 American companies are exploring possible new investment in Nigeria. Such companies include General Electric, Ford and Union Carbide. The interests—and complaints—of both sides came into the open during the two State visits, which then produced bilateral working groups of senior officials took up matters of investment; agriculture and rural development; and education.

But essentially the new dialogue has come between the

Nigerian Government and the American business community, at a level of frankness both new and by all accounts productive. Alhaji Abubakar Adhaji, Permanent Secretary of the Ministry of Industries, and chairman of the Nigerian delegation to the bilateral talks, now personally receives representatives of interested companies. He commented in late July: "I saw eight last week," adding, "we are going all out to attract American investment." This is of particular concern to Nigerians because of what he calls "earlier American reluctance."

Interest

He attributes the new American interest to better understanding of Nigerian policies such as industrialisation, and to the realisation that "regardless of the complexion of the regime in Nigeria, development goes on." Furthermore, granting of multiple entry visas to businessmen (even if Americans still object to their being obtained only in Lagos) and the newly streamlined process for obtaining investment insurance through OPEC show movement towards solving problems long provoking businessmen's complaints. "We have made a good beginning," says U.S. Ambassador in Lagos Donald B. Easton. Nigerians also comment that they see some improvement in the patronising attitude of American businessmen.

The most important economic tie between Nigeria and the U.S. is of course oil. The new commitment of Gulf, largest among American oil-producing companies in Nigeria, to a programme of investment over the next seven years at a level more than four times that of 1977 (from \$40m in 1977 to \$160m in 1978) is one vote of confidence in Nigeria's long-term prospects that cannot fail to impress Nigerians and Americans alike.

The other pivot on which relations turn (as between Nigeria and other Western countries) is Southern Africa. The new direction in Carter Administration policy has made a difference. So too has discussion of specific Southern African problems with Africans centrally involved in searching for solutions. The U.S. now sees that Nigeria is one of those countries: the channels of communication, including consultation, are open. Ambassador Easton had tried unsuccessfully to get Washington's assent to such communication from the time he arrived in Lagos in May, 1975, accurately predicting then what it could mean.

Particularly over Namibia and Zimbabwe, American (and generally Western) efforts during the last 18 months have involved continuous communication and at times even co-ordination, with the African Front Line States and with Nigeria. This has increased the understanding on both sides of each other's positions; it has strengthened personal contacts and rapport, thus encouraging more and easier communication.

But Nigeria's openly expressed inclination to trust the sincerity of at least American intentions was shaken in the aftermath of Shaba, with the U.S. apparent initial response to the French-instigated, Pan-African Defence Force. The sudden American shift to the rhetoric of Big Power chess was a jolt, and informed sources say that, just as suddenly, the carefully-urtered communication with Nigeria was not there. Though subsequent American clarifications and actions have seemed to put the U.S. back on course as Nigerians (and many in the Carter Administration) see it, and though communications are open as before, Nigerians are watching carefully how the U.S. Government behaves as events move unpredictably in Southern Africa. The watching and assessing, however, take place with a far

greater understanding than before of America's political complexities and the constraints on implementing an Administration's policy. And America's understanding of Nigeria's weight in Africa has increased too. They no longer feel able to leave Nigerian actions and reactions out of their calculations as they choose among policy alternatives.

A middle level State Department official, himself concerned about American words and actions at the time of Shaba, burst out: "I wish we would hear Obasanjo's or Garba's disapproval right now; it would help." Nigeria's disapproval was indeed transmitted soon after, possibly contributing to restoring the lines of earlier policy.

The steps towards a Namibian settlement—the mid-summer mission of U.S. Ambassador Donald F. McHenry to Luanda; to the exchange of ambassadors between Angola and Zaire have all helped to restore Nigerians' feeling that Shaba (as shorthand for a feared policy shift in May and early June) was an aberration. Yet the greater understanding that communication has brought also produces wariness, lest the factors of domestic politics, or of NATO loyalty, may at any time override the commitment to share African aspirations to which Brigadier Garba referred.

Americans, seeing both Nigeria's wariness and understanding, are having to move past the stage of falling in love to the more mature and balanced relationship with Nigeria some have believed essential all along.

Also important to relations between the two countries are relations between their armed forces. Military training of Nigerians in the U.S. began in 1963 and is likely to continue after the return to civilian rule in Nigeria. Nigeria pays for that training fully and its importance derives not from the Nigeria's having a military government, but from its having an army that matters in Africa.

Nigerians form the largest overseas contingent in American military schools and, says the Chief of Army Staff, Lt. Gen. T. Y. Danjuma, "We will continue to subscribe to American military training for against neo-colonialism." General Danjuma delivers his own cautionary words against such reactions: "We can never be anybody's puppet and we certainly cannot allow ourselves to be involved in cold war East-West struggles. Anyone who takes us for granted will be in for a surprise. Wherever our interests coincide, we will take advantage of that. But we will act in our own interest always." The extent to which Americans (as others) understand that, and accordingly keep communications open, will determine more than the vagaries of the moment the long-range prospects for Nigerian-American relations.

J.H.

Scars

CONTINUED FROM PREVIOUS PAGE

yet put a full High Commissioner of their own back into London.

Relations have now improved, although they remain delicate, particularly over Southern African questions. For years, Nigeria has accused Britain of foot-dragging over Rhodesia. This attitude has been somewhat softened by the Anglo-American efforts for a Rhodesian settlement over the past two years. Anxious to associate Black Africa's most powerful state with the initiative, Dr. David Owen, the British Foreign Secretary, has twice visited Lagos, and Nigeria has given cautious support to the Anglo-American scheme. However, there appears to be a growing impatience in Lagos over the failure to implement the plan.

South Africa has always been an extremely delicate question. For instance, the Conservative Government's decision in 1970 to supply Pretoria with arms caused great anger in Lagos. Of late, a new element has entered this issue: the Nigerian Government's warning that foreign companies must make a choice between investment in Nigeria and investment in South Africa. Although this concerns all Western countries, it affects Britain in particular, since UK companies have the largest share of foreign investment in both countries. Although there are indications that Nigeria intends to proceed cautiously with this policy, it has already given a clear signal that it is in deadly earnest earlier this year it

says Gen. Danjuma, "the inflated assessment of our students by U.S. training institutions; they're deliberately overrated. We want them to be judged along with American students. Out of, say, 100, 40 are rated 'very good' to 'excellent'; the others 'good'. There's no such army anywhere in the world."

In the military sphere as in others, communications between the two countries have improved in recent years: the official visit of the chief of army staff to the U.S. in February and the return visit of the U.S. army chief of staff, General Bernard W. Rogers, taking place now are obvious examples. But General Danjuma stressed continuity in military relations, seeing them as necessarily independent of other aspects of foreign policy because of technical and linguistic necessities.

In a recent television interview Brigadier Garba characterised the principles on which Nigeria approaches all foreign relations: a pragmatic approach to international issues; strict adherence to non-alignment; the safeguarding above all of Nigeria's national interest. Scarcely less central is the commitment to Africa's welfare and particularly to majority rule in southern Africa.

Non-aligned

Hardest for Americans to understand is that Nigeria is truly non-aligned. General Obasanjo enunciated that with stunning clarity in Khartoum at the OAU summit. In his speech—so unusual in tone that it startled everyone and impressed even those it angered—no one escaped criticism where he felt it appropriate, not West, not East, not Africa.

It is not certain that the U.S. and especially the U.S. Congress and public, are yet able to deal appropriately with a genuinely non-aligned country, one of the very few in the world. The temptation to misjudge reactions to unexpected events, to look for and find a tilt, has become almost reflexive. The American Press reported the Khartoum speech, stressing of course the cautionary note to the Cubans and Russians not to overstep their welcome (just as Tass reported the strictures against neo-colonialism).

General Danjuma delivers his own cautionary words against such reactions: "We can never be anybody's puppet and we certainly cannot allow ourselves to be involved in cold war East-West struggles. Anyone who takes us for granted will be in for a surprise. Wherever our interests coincide, we will take advantage of that. But we will act in our own interest always." The extent to which Americans (as others) understand that, and accordingly keep communications open, will determine more than the vagaries of the moment the long-range prospects for Nigerian-American relations.

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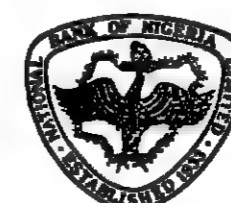
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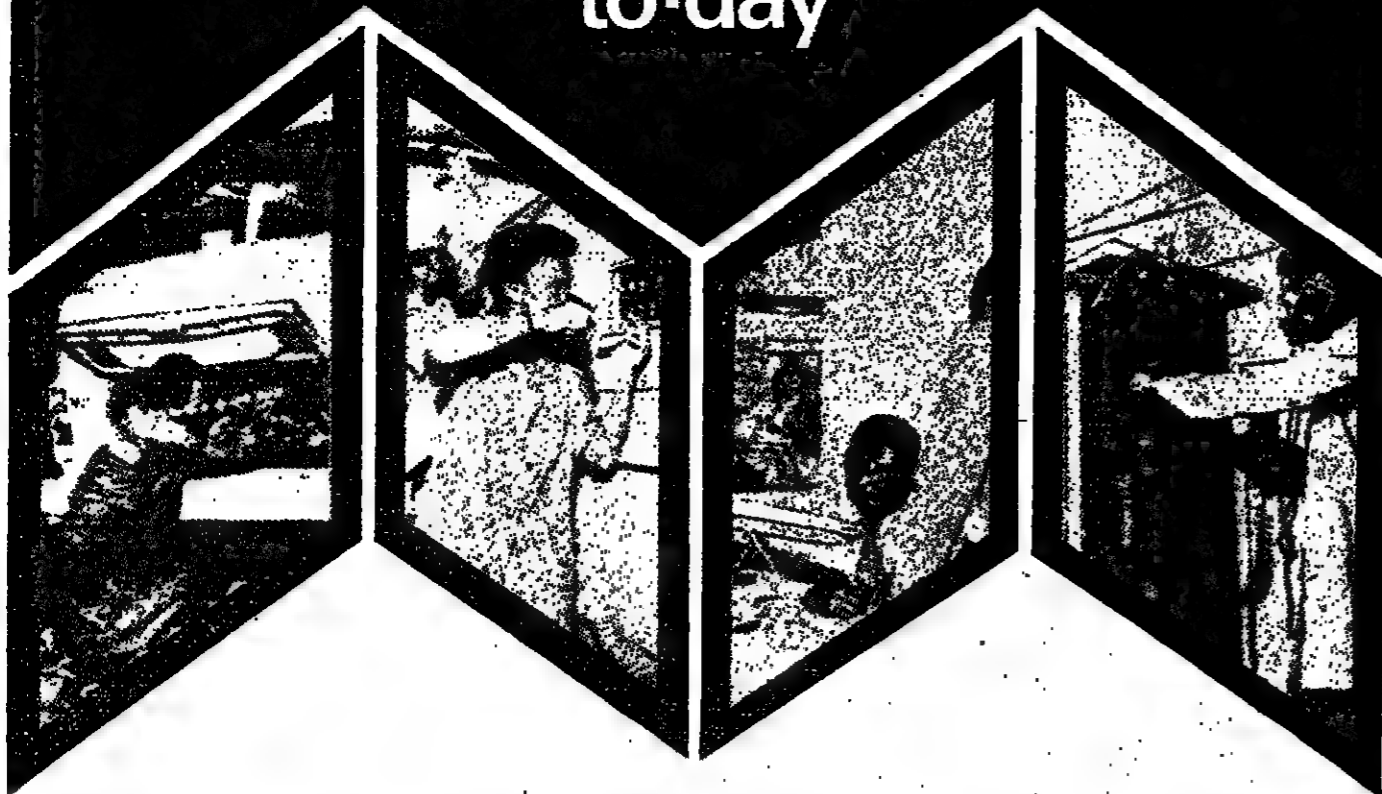
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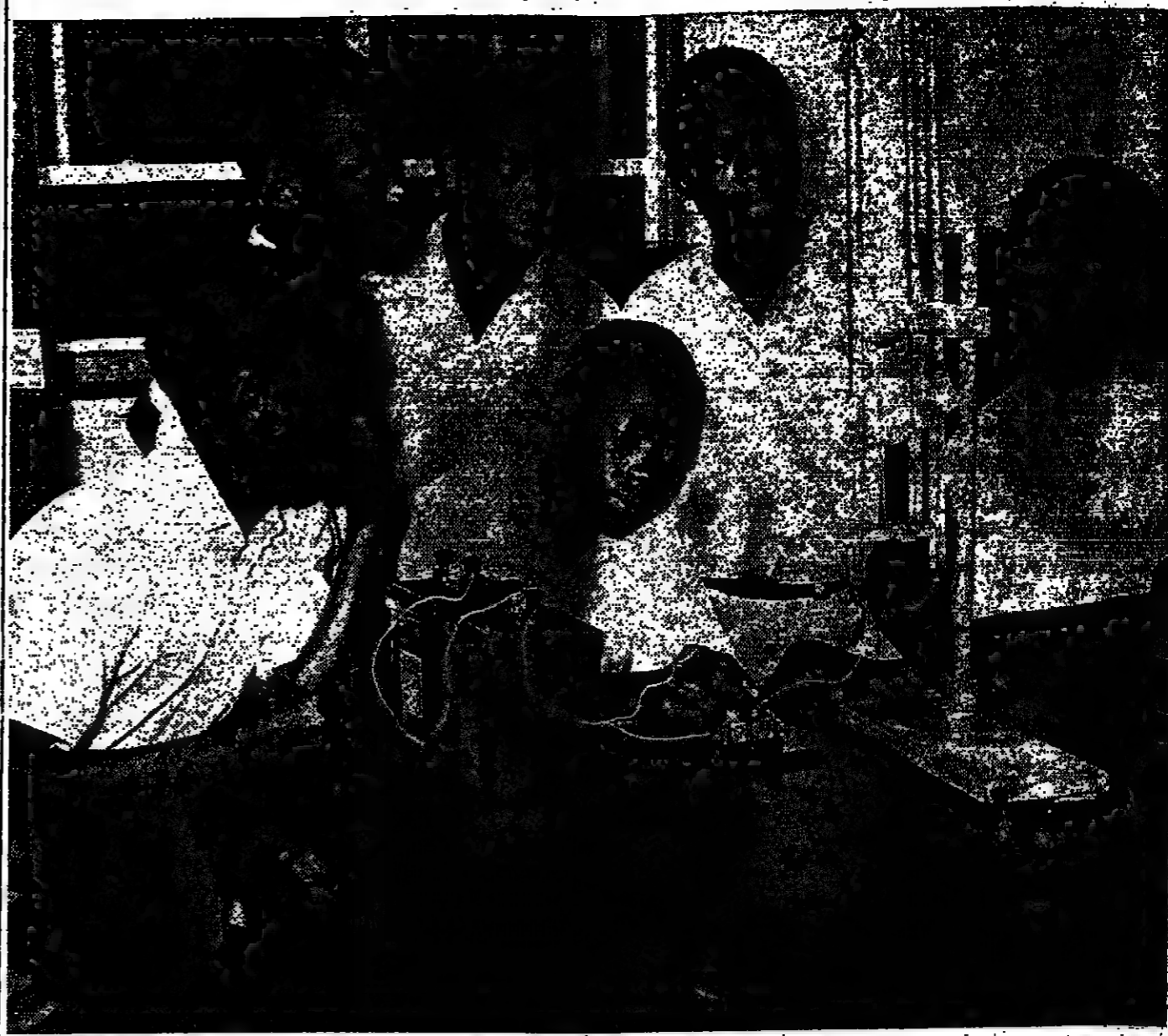
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A science class for secondary school students

EDUCATION

Cultural independence

Education is central to Nigeria's development. Shortage of skills has already proved a serious constraint to development across the board. The Government has fully recognised the need both to train its citizens in basic skills and to preserve the cultural heritage which was thought to be threatened during the years of British colonial rule.

The articles on this and the next four pages examine several aspects of education, the difficulties posed by teaching in a variety of languages; the work on cultural rehabilitation; the success so far of the universal primary education project; the most ambitious in Africa; the programmes for adult education and craft training; and progress in the country's 13 universities, currently desperate for funds.

WHEN THE Union Jack was lowered for the last time on Nigeria's flagpole on October 1, 1960, the country gained political independence from Britain but not economic or cultural independence. The indigenisation decrees which over the past five years have transferred control of the greater part of Nigeria's commercial and industrial resources—as well as its oil revenues—from foreign to Nigerian hands have given the country a measure of economic independence enjoyed by few other tropical African countries. But the battle for cultural independence is still being fought.

The cultural impact of colonial rule was uneven. It was greater on the town-dweller than the villager, on the educated than the illiterate, on the Christian than the Muslim. It may have manifested itself only in a preference for imported Manchester cloth, rather than the local product, or it may have been the total adoption of the English way of life down to a three-piece suit and Homburg for church on Sunday.

Assimilation

The British may not have espoused assimilation of their African subjects as did the French, but their educational system whether run direct by the Department of Education or by voluntary agencies—the missionaries—was essentially assimilationist. Nigerian children were not taught "I am cold because it is snowing" or that their ancestors had blue eyes or fair hair as were Senegalese children in the French colony, but a diet of British history, British constitution, English literature and the geography of temperate climates had much the same effect of alienating them from their own cultural heritage.

In missionary schools particularly the artistic achievements of their own culture—whether in sculpture, music or dance—were held up to ridicule, associated as they were with the religions from which the missionaries were trying to convert them. The Nigerian author Chinua Achebe wrote in *The New Statesman* in 1964 of the devastating effects of such an educational system.

"Let me give one example of what it means for a people to lose faith in themselves. When I was a schoolboy it was not the practice to stage Nigerian dances at any of our celebrations. We were told—and we believed—that our dances were heathen. The Christian and proper thing to do was for boys to drill with wooden swords and the girls to perform, of all

things, Maypole dances. Beautiful clay bowls and pots were seen only in the houses of the heathen. We civilised Christians used cheap enamelware from Europe and Japan; instead of water-pots we carried kerosene cans. To say a product was Ibo-made was to brand it with the utmost inferiority. When a people have reached this point in their loss of faith in themselves their detractors need do no more; they have made their point."

Missing

A measure of how far an appreciation of the cultural heritage of the country was missing from the curricula of schools is the fact that some Nigerian universities, like the University of Lagos, still consider it necessary to administer compulsory courses on African studies to their students so that they will graduate with some appreciation of their country's heritage.

In the field of literature the introduction of children to both traditional and contemporary texts presents little problem. The oral literature of the major ethnic groups has been recorded in increasing volume by scholars and can easily be made available for consumption by schoolchildren.

Nigerian novelists have been prolific since independence. The works of Chinua Achebe are regularly prescribed for school curricula while Cyprian Ekwensi has written numerous stories for children both at primary and secondary school level. More and more publishers are commissioning established authors like Ekwensi to write for children so that they are no longer nurtured on a diet of alien literature. Dramatists have also turned their attention to the needs of children so that there are a number of plays published suitable for production in primary and secondary schools.

Music presents more of a problem, though essentially it should not, for of all the arts it is music that most successfully survived the colonial impact. Akin Euba, Nigeria's leading creative musician, has frequently pointed out that more Nigerians listen to traditional music than any other form. Moreover, Nigerian popular musicians have successfully indigenised overseas forms so that there is a truly Nigerian modern popular music. The transistor radio makes it possible to introduce children to a wide variety of musical experiences, at least in a passive form.

Teaching of music presents greater problems given the expense of instruments. But most Nigerian children come from backgrounds where music is part of their daily life so that there is great potential for the introduction of the techniques of Carl Orff for teaching

music, whereby the children make their own music with whatever instruments are available—and where these are not, create their own. The main problem is to train the teachers. This too is the case with art, where materials are expensive and where there are not enough teachers for the secondary schools let alone the primary schools. Most schools are not in reach of museums where examples of their pre-colonial artistic heritage can be seen. Photographs can serve as a substitute. Plans are being considered by the Nigerian Society of Artists to reproduce works by their members on a cheap enough basis so that they can be widely distributed through the school system.

Concerted efforts are being made by institutes of education in the universities and by teacher training colleges to provide the necessary teachers in cultural studies, even if they teach this subject alongside other subjects.

The fundamental problem remains that for the most part Nigerian children still receive the bulk of, if not all, their instruction in the language of their former colonial masters. In the Hausa-speaking areas Hausa is used as the language of instruction in primary schools but elsewhere it is exclusively English. Experiments have been undertaken in the University of Ife to see whether students will respond better at secondary school if their primary education is conducted in Yoruba, their mother tongue, learning English as a second language; English is only later to become the language of instruction. The English will continue to be used at the secondary level, seems certain since no agreement can be reached in the foreseeable future on a Nigerian language as the common national medium of instruction.

Painful

This presents a painful dilemma for Nigerian scholars and men of culture who are well aware of the way a language forms attitudes and modes of thought. In despairing at the fact that it is unlikely that 12m Yoruba speakers, 20m or so Hausa-speakers and some 10m Igbo-speakers would agree to accept the language of one ethnic group on the medium of instruction for all, Wole Soyinka, the Nigerian playwright and poet, has proposed Swahili as an alternative neutral but widely current African language. But where would the teachers be found?

E. J. Alagoa, former Director of the Centre for Cultural Studies in the University of Lagos has perhaps approached the problem most realistically when he declared in a recent lecture on "Culture and National Unity" that one recourse would be "to accept the foreign language as a necessary evil or good and attempt to domesticate it."

M.C.

Success hinges on three issues

PRIMARY EDUCATION

NIGERIA'S DECISION to give universal primary school education (UPE) to all its six-year-olds is possibly the most ambitious single educational project ever undertaken in Africa. The continent's most populous nation has committed itself to train enough teachers and build enough schools to provide millions of young Nigerians with a formal education they would otherwise probably not get. Yet the time given to prepare for universal primary education was two years—from its announcement in 1974 to its launch in September 1976. Now, nearly two years later, some of the early problems of UPE remain unsolved, while new ones have been identified along the way. There are not enough classrooms; there is an acute shortage of qualified teachers; a lack of teacher educators and, since the cuts in this year's budget, a shortage of funds. But no-one expects UPE to be completed overnight. In general, experts agree that its success or failure will hinge on three main issues: whether every part of the country can be offered equal educational opportunities, what the quality of the education on offer is, and what openings there are for those who complete UPE.

Crucial

The first question of equal educational opportunities makes the performance of the northern States, especially the far northern states, crucial. It was there that primary-school attendance, before UPE, was often as low as 7 per cent and it was felt that the educational imbalance between the North and South was a contributory factor to the

civil war. The issue of educational quality is referred to as "the long haul" because it will depend on gradually increasing the quality of the teachers being trained for UPE. The third issue of what to do with UPE school leavers is now being studied by an implementation committee of the National Policy Commission on Education which recommends greater access to secondary schools.

The third national development plan urged that 40 per cent of UPE products should have access to a secondary education. The national policy document simply says that "a substantial number of primary school leavers will have access to junior secondary education and facilities will be provided for this." Even so, Nigeria could be faced with an enormous school leavers' unemployment problem with those who have no place in secondary schools. How numerous they will be depends also on another problem facing UPE—the drop-out rate. No figures are available yet, but it is to be hoped that it will be lower than the 50 per cent drop-out rate recorded in the sixties.

Experts say it would be tempting to blame all the shortcomings of UPE on a lack of planning by the Government under the then Head of State Gen. Yakubu Gowon. A task force had been set up in 1973 to look at ways of starting UPE in 1979 but a speech by Gen. Gowon precipitated introduction of the scheme earlier than many felt wise. But though there is a feeling that the immense social and economic implications of UPE had been underestimated, a number of factors have since aggravated the problems.

No one had foreseen the fall in oil revenues this year which has forced all the budgets for 1978-79 to be sharply trimmed. The third national development plan for 1975 to 1980 had allocated N2.5bn to education, giving it one-fifth of the federal budget and making it the second largest item after the armed



Personal attention for a pupil in a Nigerian primary school.

forces. Of an expected N500m a year, UPE was to get N200m. In the capital allocation for 1978-79 UPE gets N28.5m, or 36 per cent of its allocation of the previous year. At the same time teacher training capital spending is down from N91.1m in 1977-78 to N67.5m in 1978-79.

UPE has also run into trouble about the division of responsibility between federal, State and local governments for funding, organising and executing the scheme. When UPE was announced the federal Government said it would accept the full financial burden. In return the States had to accept that they were the federal Government's "agents" and they were to carry out the project following the guidelines which the federal Government would make clear. Since the aim was to end the educational imbalance between the North and the South, the federal Government felt that to make it effective it would have to be uniformly applied. The States had other ideas.

They had traditionally been responsible for primary education and felt that UPE should be adapted to meet local needs, conditions and resources. They regarded the federal Government on the whole as the holder of the purse strings and the federal Government has consistently complained about the unreadiness of the States to account for how they have spent their UPE funds. One look at the differences in enrolment figures shows the degree of regional interpretation. While in Benue State enrolment was more than two and a half times higher than expected, in Sokoto State it was less than half.

But the enrolment comparison is misleading. The level of 100 per cent enrolment was based on federal estimates of the number of six-year-olds eligible to enrol for UPE in the first year of the scheme. That figure in turn was based on the 1963 census and a notional population increase of 2.5 per cent per year. Sokoto State itself had in fact expected enrolment of 40 per cent and did better than expected by getting 44 per cent. The South already had a well-established tradition of Western-style education, partly because of missionary activity, and its enrolment figures are probably less surprising than those of Sokoto.

Rethink

The latest cuts in federal Government spending have obliged the central authority to rethink the division of responsibilities over UPE. The day-to-day administration of the schools formally passed to the new third-tier local government bodies on April 1 this year and State Governments have been urged to take a greater share of the financial burden. UPE is now becoming what many people thought it should have been from the beginning, an effort working from the communities upwards and not from the federal Government downwards. "It will begin to resolve one of the basic planning errors of UPE," said an educationalist. "There were always too great a gap between the implementing authority."

The transference of authority is causing its own problems. In some States like Cross River and Sokoto the local governments have been given more say in running the primary schools than the federal Government had intended, while in Rivers State the local authorities are complaining they do not have enough control. The State governments are also unhappy because of the federal Government's decision to cut its allocation for new classrooms

Launched

Whatever the problems, however, UPE is here to stay. Experts say the idea has been around too long and goes too deep in Nigeria's consciousness ever to be abandoned now. The then western region first launched a UPE scheme in January 1965 which stirred other regions, particularly the east, which tried its own experiment in 1967. Both schemes ran into enormous problems but considerably boosted the school population. Those early schemes gave the east and the west a head start when it came to nationwide UPE.

Yet the federal Education Ministry admits that when the third batch of children comes to enrol this September many of them will still be taught in churches, mosques, town halls and sheds in every state of the federation. They are more than likely to find that their teacher has never been through training college and may not even hold a primary school leaver's certificate. There is bound to be a shortage of books and equipment and although Anambra, for example, can still get good school attendance even while making a levy of N18 per child per term, it is thought that such a levy in the far north might simply empty the schools.

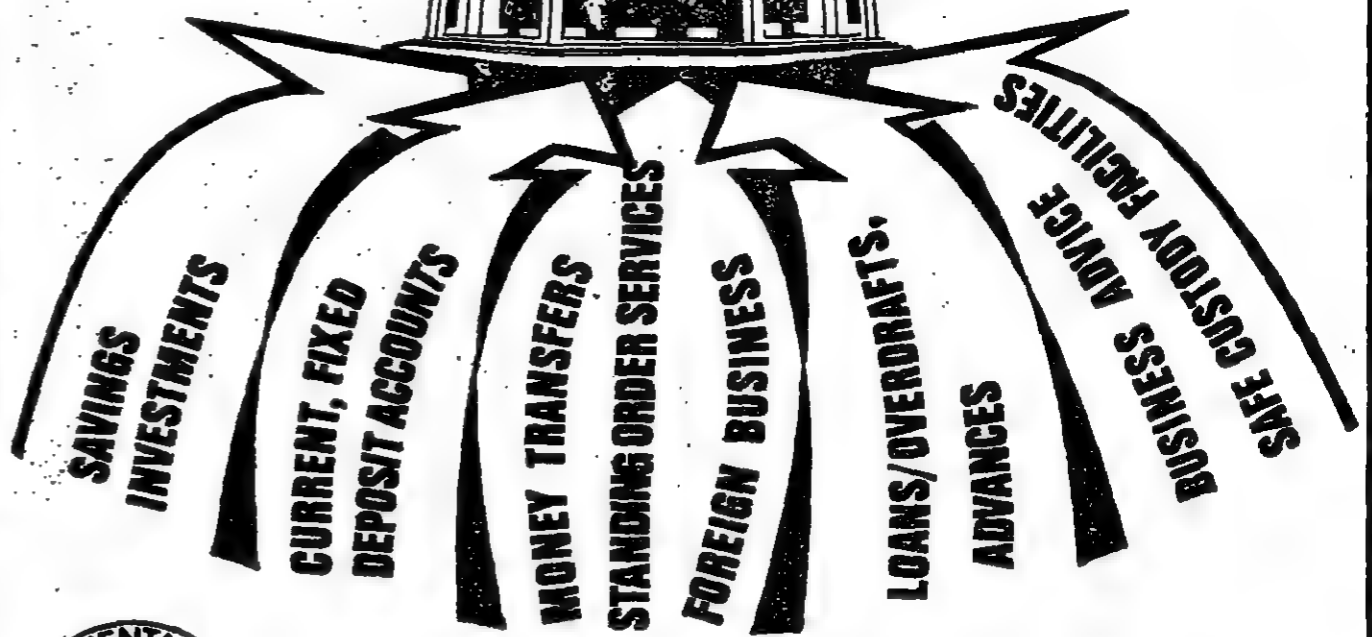
UPE is still recovering from the underestimation of the number of children who would enrol in the first year of the scheme. The federal Government had done its sums on the basis that 2.3m children would enrol whereas in fact 3m turned up. Not only had the planners miscalculated the number of six-year-olds; many older and younger children joined the enrolment queue too. No-one was turned away but States like Imo complained that having received a federal Government grant for 700,000 children, another 300,000 had to be educated at the expense of the State.

To add to the problems, some States had been slow in awarding contracts and one used its classroom allocation for paying teachers' salaries. A report compiled for the federal Ministry of Education spoke of contracts being awarded on the basis of "jobs for the boys." Land allocated for school building in Lagos State has been used for other purposes and in Kwara, Rivers, Anambra and Imo there were reports that the army had moved into school buildings as temporary barracks.

Official figures from the Ministry of Education say that 70,000 classrooms have been constructed since 1974 while another 70,000 are under construction. In some urban areas there is still two-shift teaching in the morning and a second in the afternoon but three-shift teaching, which was attempted in Lagos, had to be abandoned because the teaching hours were not long enough to make it worthwhile. The alternative is to fit everyone into one classroom and in Benin City, Bendel State, for example, the teacher/child ratio is reckoned at 1:79 in Grade one.

The acute shortage of qualified teachers has plagued UPE from the beginning. The Federal Government planned to build 74 new teacher training colleges and expand 156. But a lack of funds has meant that not one

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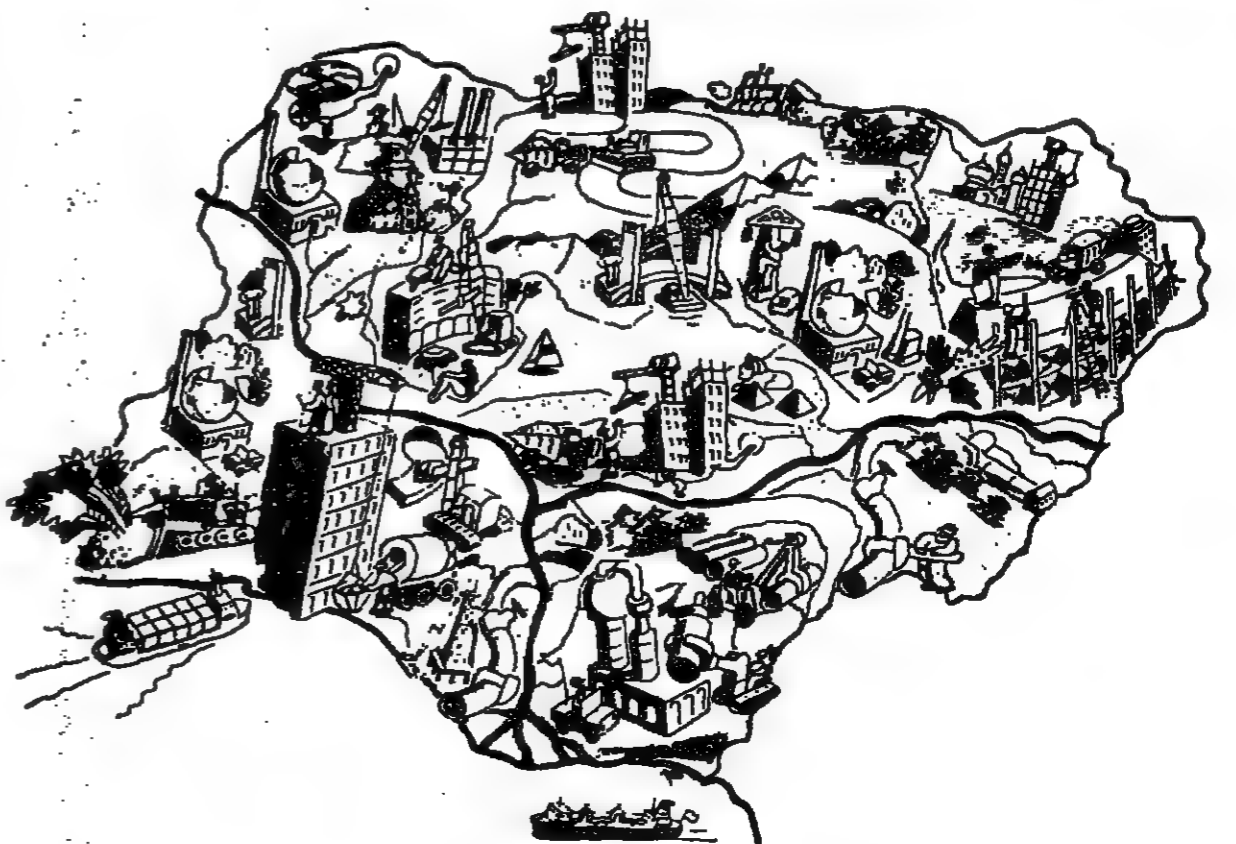
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ADULT EDUCATION

The Federal Government's National Policy on Education, published early last year, states that it is based on the principle of lifelong learning and it includes some institutional provision for the expansion of educational services to adults. It covers the work of the Federal Ministry of Education, already committed to a million-naira national adult education centre in Kano (though present financial difficulties will inhibit this).

Other Federal and State agencies also have education and training responsibilities of a less formal kind and there have in the past few years been plans for increased adult educational activity by such Ministries as those responsible for public health, agricultural and home economics extension, vocational and in-service training of all kinds and large-scale retraining of servicemen for civilian life.

Adherence to lifelong learning ideas and models is partly a reflection of a general world trend. In the early days of Nigeria's independence, the fashion in developing countries was for the promotion of formal school education, seen as a necessary lever for the increase of GNP. But by the beginning of the 1970s it appeared that neither was the formal school system necessarily efficient in promoting growth nor was growth necessarily the be-all and end-all of development policy. It became accepted that stimulating new ideas and inducing new skills among the adult population was a quicker way of changing an economy than teaching children—whose contribution to society can only be at some remove.

Incomplete

It seemed that an educational system confined to children would be incomplete and therefore dysfunctional if the satisfaction of basic human needs, rather than growth alone, was to be an element of development policy. Ideas of social justice, equality and participation demanded some educational opportunity for the largely illiterate masses who had been passed over, and for the especially disadvantaged, such as women or the rural poor.

But the new interest in

Success

CONTINUED FROM PREVIOUS PAGE

of the new colleges has been completely finished and the Federal Government has said that any more training colleges will have to be built at the expense of individual State governments. The planners originally calculated that an additional 163,000 teachers would have to be trained before the launch of UPE, so a crash programme was launched to mass-produce teachers.

Yet despite the fact that as many as 100,000 students passed through the training colleges every year between 1974 and 1978, UPE still relies very heavily on unqualified, untrained teachers. In Kano 90 per cent of the teachers are not certified by any of the training colleges and even in the educationally highly developed East Anambra State has 60 per cent uncertified teachers.

The problems are many. In Kano an especially big effort was made to get children into school, so its resources were more widely spread than other northern States like Sokoto. At the same time many of the students were failing to graduate from the training colleges which did not want to lower their standards. In other parts of the country it is thought that as little as one-third of teachers appointed actually take up their own State's offers of jobs, preferring the urban to the rural areas. Many teachers are additionally unhappy about rates of pay and conditions.

The present starting salary for a primary school teacher is N1,478 rising to N1,908 after seven years of service. There is widespread discontent among the teachers. In Imo State 10,000 of the teaching force of 35,000 are said to have quit after a row about the payment of allowances. In Lagos State a tribunal is currently sitting to listen to teachers' grievances on pay and promotion. And the money is no longer there for the teachers to get the car

various forms of adult and out-of-school education is also a reflection of Nigeria's problems and circumstances, including the universal primary education (UPE), employment and manpower needs, low agricultural productivity and political currents.

In 1974, General Gowon nailed the country's flag to the mast of UPE, which means that, according to the Third National Development Plan, there are likely to be 11.5m boys and girls in primary schools by 1980. Enrolment in the various secondary school institutions is expected to be just under 2m and that in universities 53,000. Something will clearly have to be done for the primary school-leavers who cannot move into the next and very constricted part of the formal education funnel, to avoid the waste of a colossal investment as well as much personal tragedy and to prevent a classical situation of discontent. In 1974 and 1975 primary school-leavers whose expectations were disappointed mobbed military governors in some state capitals, including the far northern one of Maiduguri.

For them jobs could be hard to come by. Oil is a capital-intensive industry which needs only limited manpower, and the Third Plan only envisages a 2.76m, while the total workforce is expected to be 32.74m. Inevitably the vast majority of these men and women (including the annual primary-leavers) will have to be self-supporting and to work in rural occupations if they are not to become part of an increasing number of urban unemployed.

The problem needs to be attacked through an economic strategy to increase wage-earning opportunities, but people of working age will need to be helped to apply their limited stock of literacy and numeracy skills to work in agriculture, small trades and crafts and services. Most States have begun to spend seriously on agricultural extension and some have for a long time had farm settlement schemes to train school-leavers.

There are also several interesting experiments in craft training for self-employment—the Industrial Development Centre, Zaria, various vocational improvement centres originally sponsored by the Ford Foundation; and the workshops in some northern States set up by the late Will Eaves, an imaginative pioneer in alternative technology training.

While out-of-school teaching is needed to enable primary school-leavers to gain a reasonable livelihood, there is still difficulty in finding persons to fit into much of the paid employment which does exist. The national plan estimated that the stock of senior level manpower should grow between 1975 and 1980 by 49,000, of whom at least 6,000 and perhaps another 6,000 would have to be found by "upgrading," while intermediate level manpower needed to be increased by 139,510, of whom about 70,000 would have to come through upgrading.

There is also a general interest in public affairs, often coupled with lack of knowledge. Information and ideas have traditionally been supplied by the media in a haphazard way, and by the universities more formally. Newspapers have an independence and scale of circulation unknown in the rest of Africa and have always assumed a didactic role, while broadcasting is in the BBC "public service" mould. The universities with extra-mural arms often provide opportunities for informed discussion of current issues. Recently some universities have been working in partnership with the media to do this.

Otherwise there has been little innovation in means of education—perhaps because of the lack of national ideology. But government has set up a committee to enquire into education for citizenship at all levels and ages.

We have seen adult educational programmes devised by governments, para-statal and private and voluntary bodies to cope with problems of the immediate present. There are also problems of long standing—one being illiteracy. Nigeria has been strongly affected by two religions—Islam and Christianity. Both brought an emphasis on literacy, but in spite of the long inheritance of Islam and almost two centuries of church literacy work the majority of Nigerians cannot read or write. Exact figures do not exist, but it is estimated that in a few areas illiteracy is over 90 per cent.

A really vigorous onslaught on illiteracy would cost more resources than there are at present. All adult education costs money and the paradox is the present time of recession would seem to be that without resources adult education cannot be developed, but unless it is developed, Nigeria will not solve its problems.

The prototype of all functional literacy work in Nigeria was a University of

L.B.

NIGERIA XXII

Help for the working man

Renewed

Because of these upgrading needs there is renewed interest in various types of in-service programmes for persons already in employment, ranging from simple training courses in middle-level institutions to investment in the Administrative Staff College of Nigeria (ASCON). The urgent demands of the private sector for more management skills has led to the appearance of a whole crop of private management consultancy and training agencies, while the Nigerian Government has tackled the overall shortage of up-to-date skills by the establishment of an Industrial Training Fund, very professionally administered, which works along the same lines as that in Britain—firms pay a levy, but are then compensated for any outlay on training their workers.

There is also a special body for improving the quality of the education profession itself, the National Teachers' Institute in Kaduna, set up with technical assistance from Unesco, to retrain and up-grade teachers using distance methods (correspondence and radio).

Another difficulty which Nigeria faces is the low level of agricultural productivity at present. For various reasons many of the cash crops have declined—Kano's once-famous groundnut pyramids, for instance, are no longer to be seen—and in spite of government efforts much food is still imported and is often cheaper (imported rice is about one-third the price of Nigerian rice).

The country's farmers have to be encouraged to grow more and to grow it more efficiently. This means incentives, marketing, infra-structure and credit, but it also means education and training. Most State governments now have functional literacy schemes, whereby farmers learn to read and at the same time learn to improve their agricultural techniques—it is assumed that a literate farmer can become a fully aware citizen and that he also has the practical benefits of reading instructions on fertiliser packages, produce receipts and other items of daily use to him.

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UNIVERSITIES

IT IS now 30 years or more since education reached university level in Nigeria. There had been degree courses at Yaba Higher College near Lagos in the 1930s; plus a growing number of graduates from abroad, but Nigerian universities are a post-1945 manifestation. As in other respects, the parallels are close between before and after independence, under colonial, civilian and military governments alike. Early British administrators were suspicious of what the effect of university growth might be, having no wish to encourage the spread of radical opposition among an educated elite. Local patriots constantly pressed for higher education both as a matter of right and as an avenue for advancement.

So it is today. The unflagging demand for university education at state level is now accompanied by federal unease about the cost and consequences of its extension. Growth has not been steady. It has been by an accumulative series of jumps masked by the opening of new institutions: 1949, 1962, 1975. The result has been fascinating,

sometimes tragic, often turbulent and, one must suppose, ineradicable in its effect on future decades. A large part of the educated leadership in Nigeria in the 1980s—and it is difficult to see how civilian rule can be anything but elite dominated—will come from within the universities. They will have to bear the classic burden of all universities, of training the new ruling class of politicians, technicians, administrators, business executives, lawyers, doctors and engineers. In this sense, universities mirror the politics of the immediate future and they are worth looking into if only to try and see the blurred reflection of what may come.

Halting

During the 1940s, Commissions of Inquiry from Britain led to the establishing in 1949 of what is still the best known institution, the University of Ife, which remained the only university in existence at independence in 1960. Its initial growth was halting, since the larger proportion of undergraduates still went overseas. But by the beginning of the 1960s Ife was well founded as a federal university, with 1,188 full-time students. Others were taking shape. By 1962

there was a second federal university at Lagos and three regionally-based universities: the University of Nigeria at Nsukka in the east, what is now the University of Ahmadu Bello at Zaria in the north, and the University of Ife in the west. Variety was added to number. Zaria was distinguished by the spread of sub-degree courses in administration, health and veterinary work, in addition to more familiar undergraduate degrees. Lagos paid special attention to business concerns as a university on the edge of the capital. Ife had (until recently) a lively Institute of African Studies.

Enrolment was carefully worked out and wholly misjudged. Each calculation was outpaced by the growth in demand and by the acquisition of new wealth. "Nigeria," wrote Lord Ashby in 1959-60, "cannot support more than four universities at the present time." The accompanying Enrolment Report on manpower took as its target a total of 7,500 students by 1970. By the beginning of the new decade, despite the intervening civil war and the heavy damage at Nsukka, there were six universities, including Benin in the mid-west. Undergraduate numbers totalled 14,468. The Second Development Plan (1970-74)—devised by soldiers who were

emboldened by success and enriched with oil—proposed an additional 7,000 students. The 1975-80 Plan takes full account of the present remarkable expansion from six to 13 universities, but it has also had to reckon with the huge costs of a national system of education spreading out and up from its 11m free primary base.

It was in April, 1975, that the federal Government announced the creation of six new universities—Calabar, Ilorin, Jos, Maiduguri, Port Harcourt and Sokoto, a list to which Kano was added later. All seven are expected to become full universities after an initial period of tutelage. Most are still struggling with basic problems of staff and buildings. Some, like Maiduguri and Ilorin, have been able to grow outwards from an existing State College of Arts and Technology. Others, notably Sokoto and Port Harcourt, are very raw: staff are being sought who have a "pioneering spirit," an eloquent comment on the erratic supply of water, electricity, books, equipment and general commodities. All 13 universities were brought under federal direction in 1971 and made fully responsible to the Government under Murtala Mohammed in August, 1975. But the present draft constitution restores higher education to the concurrent list of powers and the result is bound to be renewed pressure for further expansion, particularly from state governments which do not have the prestige or patronage of a university institution. Present undergraduate numbers are nearly 47,000, with 5,000 or so students in sub-degree and basic studies courses.

Fifty thousand in a population of how many?—80m or perhaps 100m is still a tiny constituency. Yet the attendant problems are very great. The Annual Report of the Nigerian Universities Commission, which strives to co-ordinate the life of all 13 institutions, offers a clear, intelligent guide to current difficulties. There are, of course, very large differences between the "big five," each of which has been designated a centre of excellence: ABU at Zaria—engineering and nuclear technology; Ife—medicine; Ife—nuclear physics and technology; Lagos—mass communication and metallurgy; Nsukka—electronics. There are differences, too, in the reservoir available for local recruitment, as between (say) the former East Central State with over 20,000 candidates in 1976 catering for the School Certificate/GCE "O" level, and Kano State with only 1,352 entrants. But all face common problems—of only because all 13 are seen as a single university system which seeks to recruit nationally and which competes—intensely—for federal money. The problems are simple enough to describe.

Inadequate

First, accommodation is often bad—inadequate housing for staff, huddled rooms for students. Facilities in the older universities are terribly overcrowded. Many universities "maintain that the greatest hindrance to the expansion of enrolment is the lack of sufficient student accommodation. Because of their location and the general shortage of suitable living accommodation in the country, the universities must be self-sufficient in housing." But, as the Report notes, "a 500-bed hall of residence costs about N5m and takes more than 52 weeks to build" (a moderate estimate).

Second, teaching staff are required in vast numbers. Hence the full-page weekly advertisements in West Africa magazine and elsewhere. Some 3,000 additional lecturers are needed of whom only about 1,000 are expected to be locally recruited. The shortfall is most acute in science-based subjects, and particularly serious at senior level. In 1976-77, money was provided for 302 posts in engineering, but only 257 were filled; in medicine, it was hoped to have over 800 teachers, but only 618 were actually available. "In most departments as in the pre-clinical sciences there was only a skeleton staff of two or three teachers and in some cases only one teacher." In the hope of remedy, the NUC has opened offices in London, Ottawa, Washington and Cairo to recruit and place staff, the London office (under the distinguished political scientist Professor Dudley of Ife) being responsible for Europe as a whole. But despite (or possibly because of) the tight academic market in Britain and North America, it does not seem likely that Nigeria will be able to find the number of university teachers it needs. The Udoji-Williams salary scales are not

CONTINUED ON NEXT PAGE



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Secondary education the poor relation

BETWEEN THE broad base of primary education which is intended to be universal and free, and the narrow summit of university schooling, which (for all its turmoil) represents a high level of attainment, lies a very large, very mixed ground of secondary education. It is all too often the central area of lost hope—expensive for some, disappointing for most. The problems are familiar enough: falling standards of English, crowded classrooms, poor equipment, poor results in the former West African School Certificate, which is being replaced by the GCE Ordinary level. Because of the enormous yearly number of failures at HSC level, State governments began to phase out the extra two years of secondary education. Only a few selected schools now enter their pupils for the Higher School Certificate. The very rich turn to boarding schools overseas. The many poor and not-so-poor complain. The students protest—often violently—but achieve very little more than a further round of conciliatory statements offset by higher charges.

Of course, there are good schools, devoted teachers and promising scholars. But the complaints are growing in number from within the NUT as well as among bewildered parents. The problems are both structural in relation to costs, and functional in terms of the sheer weight of numbers seeking admission. Examples of the difficulties encountered are almost daily reported in the Press. At Ilesha High School, for example, only 23 out of 218 pupils passed their School Certificate exams early this year. The school had 2,600 pupils spread over 66 classes, and the senior tutor, Mr. Shanni, blamed "the lack of basic amenities." Similarly, the Methodist Girls High School in Lagos is now desperately overcrowded and understaffed. Mrs. V. Onafowokan, the headmistress, was reported as saying: "There is overcrowding in all the schools. Thus, the pupils do not have the necessary space for the desired concentration."

The cancellation of boarding houses makes pupils live far away from their schools. This exposes them to the problem of transport to and from schools. They invariably arrive late and very tired. Again school hours are shorter than before. So, by the time the pupils are really getting settled after the rigours encountered before getting to school it is time to go home again.

The actual number of passes at School Certificate level (according to the West African Examination Council) have not been falling. On the contrary, it is rising but only at the lowest level. What is declining is the quality—fewer passing at higher grades. Yet it is on what might be called the higher executive strata, and intermediate technical level, that the administration and the economy are desperately dependent. The facilities for technical and science education are inadequate. The basic skills of education in the arts have to struggle against all the difficulties of teaching and learning through what is still an imperfectly acquired foreign tongue. Nigeria is marvelously rich in its novels and poetry, and it can point to scholars of international renown. But at the broad intermediate level of secondary education the worst can be very bad indeed. What is the difference, one pupil was asked, between "singular" and "plural"? Answer: "One is the opposite of the other." Indeed, they are: as might be said of the politics of the Federation as a whole. But current worries reflect a basic worry over whether the educational system as a whole can meet the manpower needs of the next decade at Federal and State levels. Very large sums of money have been pumped into the system but few from the Federal Commissioner of Education to the secondary school teacher, pupil and parent—are confident that the returns have justified the outlay.

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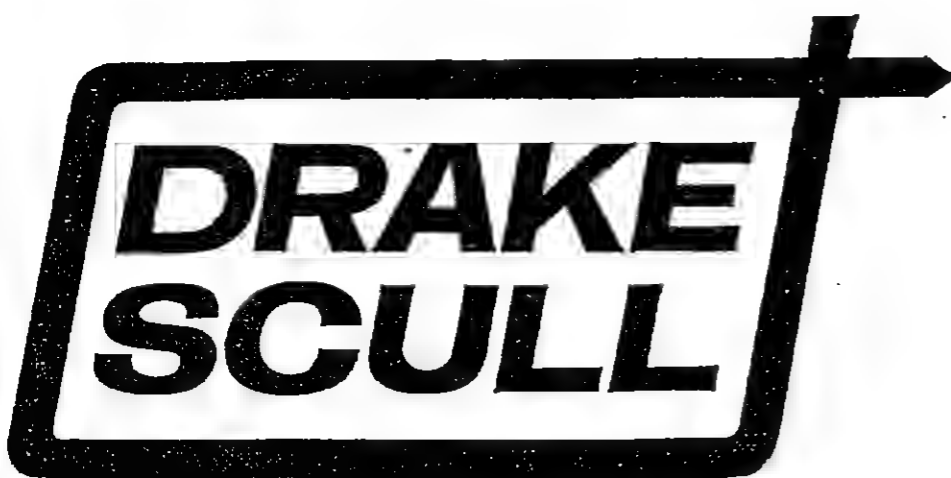
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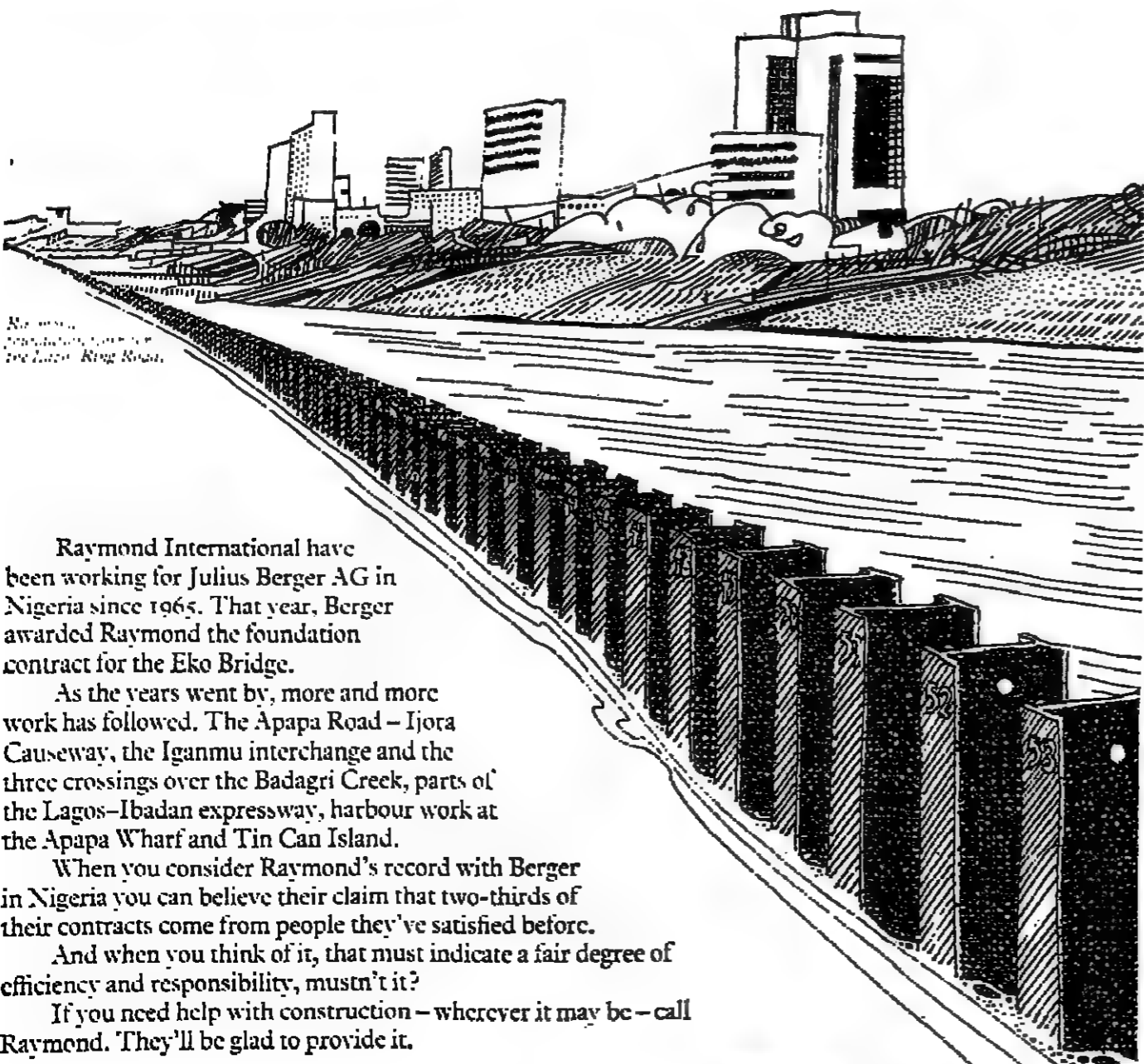
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NIGERIA XXIV

Problems of a divided elite

THE WORLD OF LEARNING

NIGERIAN UNIVERSITIES exhibit to a marked degree that familiar quarrel between unity and separation which characterises the federation as a whole. They are a narrow university world held together by a small number of university teachers. Ibadan has played the Oxford and Cambridge to that world. All but two of the present vice-chancellors, for example, have been undergraduates, or graduate students, or have taught at Ibadan. (Dr Mahmud Tukur at Kano and Professor S. A. S. Galadanci at Sokoto were both on the staff of ABU—the St. Andrews of the north.) Yet there have been three factional and communal conflicts among university staff and students. Higher education has still enormous prestige in Nigeria: yet university-Government relations have frequently been very bad. Students too, are seen as critically important in the national life of the federation but they have fought from time to time en masse against particular governments.

Conflict

Each side to this triangular conflict—government, students and staff—has to be seen as related to the intensity of political life in Nigeria in 1978, and it is symptomatic perhaps of a divided elite that it does not fully trust its educated young. University life has been punctuated by a series of explosions, particularly in 1965, 1975 and 1978. They were of serious consequence, since universities are after all, important institutions not only as agents of change, or reservoirs of trained manpower, or centres of intellectual achievement, but—in Nigeria at least—as centres of local economic importance: self-contained cities of employment and wealth as well as prestige.

Reading the reports of recent events, it would be easy to suppose that all 13 universities were constantly in turmoil—closures at Ibadan as early as 1957, when students pulled down the enclosing fences around the college, closures at Nsukka after student riots over living conditions, dismissals of staff in all the universities—expatriate and Nigerian alike—both before the civil war and under the federal military Government. In 1963-65 Ibadan was almost torn apart by Ibo and Yoruba divisions between the vice-chancellor, pro-vice-chancellor, teachers and the university administration. So, too, was the University of Lagos in 1965 over the appointment of Dr. Biobaku (a Yoruba) to succeed Professor Eni Njoku (an Ibo) as vice-chancellor. Life was beset with staff disputes in which faculty members were forced out, or resigned in protest, during the political quarrels between rival Yoruba factions. In this respect, the Civil War solved very little,

except that it concentrated authority in Lagos and brought Government more closely into university affairs.

In 1975, following the downfall of General Gowon, came the purge of the civil service. In October, the universities came under review, primarily in relation to non-academic staff, but at the University of Lagos alone, among the 146 retired or dismissed were the registrar, deputy registrar, four professors, an associate professor, five senior lecturers and three lecturers: all Nigerian. Among the 345 removed from Ibadan were the vice-chancellor and deputy bursar, together with a number of Nigerian and expatriate senior staff. Other universities were similarly affected.

Of course there have been quiet years when teaching and research and graduation ceremonies are conducted. In April this year, however, there was a sharp renewal of conflict after the federal government, acting through the Nigerian Universities Commission, announced an increase in charges for students' board and lodging. Protests were widespread. A student died in Lagos after being shot during a clash with armed police. Six students were shot dead on the Samaru Campus at Zaria by soldiers who opened fire to quell a protest march. Violence ran wild. The National Union of Nigerian Students (NUNS) was incensed, the vice-chancellors were unsure whether to hold examinations or close the universities, the NUC struggled to maintain its authority, the federal Government saw itself at bay and refused to compromise. Eventually all the universities were shut, until tempers were assuaged by time if not by counsel. A sombre illustration of a nationally divided elite.

University staff have become increasingly uneasy. Falling university incomes and higher student numbers have soured relations with government. The Udoji-Williams Report fixed emoluments at a level seen as unfairly discriminatory in relation to Government service and grossly unfair in relation to a private sector where high incomes make it virtually impossible for universities to recruit teachers of accountancy or engineering or business administration. A familiar (British) picture? But all such complaints in Nigeria have to be seen against the uneasy, politically critical return to civilian rule before October, 1978. Nigerian university staff also see themselves, and are seen, as more important politically than their western counterparts. They are members of a ruling—or would-be ruling—elite. Many university teachers are drawn into Government concerns. Many are close to the centre of politics in their own states, rarely all resent the directing hand of the Government and the NUC, and were particularly angry with the then Commissioner (Minister) of Education, Colonel Ali. "It is clear that the unnecessary interference of both the Ministry of Education and the NUC in University affairs has led to a

complete erosion of University autonomy, the consequences of which we are now witnessing." And (said the Lagos Association of University Teachers) the primary fault lay with the Commissioner for Education who "has arrogated to himself the power to conduct the affairs of the universities with the vice-chancellors as his quasi permanent secretaries."

Outspoken

Students have been more outspoken still. Very understandably, they believe what the military has frequently declared to be true, that past politicians were a bad lot. Some soldiers, too: but Obasanjo, like Muhammadu before him, has evoked the demand for a new start. Seeking some form of popular mandate, however general, for their decrees, the military junta were quite willing in 1976-77 to bring in the students as heirs of a better future. They were allotted a high place in national discussions about political needs—though below, of course, that which they accorded themselves. The students responded as would-be masters, often in language which, increasingly, upset the soldiers. Militancy has many forms. After the riotous march in April, the Lagos members of NUNS (of which the Colonel Ali had once been a national officer when a medical student at Ibadan) ran up a Marxist flag of protest. The immediate ground of disaffection had been the raising of charges and the granting of what were seen as extravagant salaries and benefits to civil servants and soldiers. Now the whole system was attacked. Arrogance joined hands with anger over the deaths. "Many a regime has been toppled by what started with a students' revolt against the system. The reason is obvious. Students are the conscience of any neo-colonial society. They are students because they possess a critical outlook to society. Having been equipped with the necessary apparatus of thought, they are able to make the required analysis of government action and, more importantly, act upon it." The April crisis was extravagantly reported. It brought "the

engine of repression at the gates of various universities. Akintunde Ojo and others were moved down in cold blood. This is Soweto in Nigeria."

Yet it is not difficult to sympathise, too, with the Government in Lagos. It is conducting the most difficult of all military operations: an orderly retreat. It must hold on in office until October, 1979, amid the tensions of the transfer of power to unknown civilian rulers. University problems have to be seen alongside a plenitude of other disputes—over the Sharia courts, land reform, mob violence, the mounting costs of UPE and secondary schooling, falling oil revenue and the hidden politics of going back to politics. "Yield too easily to students," it is said, and similar pressures will mount from farmers, trades unionists, market women, professional organisations, overseas companies and—who knows?—perhaps from the junior ranks of the army itself until not only the Government but Nigeria itself will be overwhelmed.

There is always that massive sense of desperate poverty and limited wealth which pervades the life of the huge federation over which the military exercises at best an uneasy control. If universities are mirrors of elite behaviour the immediate reflection is not very encouraging for the future. On the other hand, clever people are often wrong. It is as easy to take a mildly hopeful view as it is to be pessimistic. Among all manner of Nigerians, even at elite level, optimism struggles constantly to triumph over experience. If the extravagant hopes once entertained in respect of the 13 universities have proved dupes, present fears for their autonomy and even existence may yet prove harsh. Universities as cultural redoubts or as the training ground for new rulers always appear vulnerable to attack. But if future governments in Lagos remain as ideologically amorphous as their predecessors, the danger may be a good deal further off than it appeared in the stormy months of April and May this year.

D.A.

Shortage

CONTINUED FROM PREVIOUS PAGE

all that attractive, living conditions are poor, Africa at large presents at best an unsure image of itself today, and the United Kingdom will shortly cease to supplement the salaries of selected numbers of British academics, leaving the Nigerian Government to meet the bill. It is in such circumstances that uncertainties multiply.

Standards

Thirdly, the eternal question of standards. Universities in Nigeria are expected to be part of a universal world of learning. They still teach and write and publish in English, and there are scholars who are as skilful and learned as their counterparts in the western world. Yet there must always be doubts about the general level of attainment in a country where the standard of school education is often low, not least because the bulk of the population is non-English speaking. In that sense, universities in a country such as Nigeria necessarily stand not at the centre but on the margins of the setting up of a local equivalent of UCCA, standards of entry do vary considerably between universities since there are additional, locally determined procedures under which the politics of state or ethnic loyalty are at least as important

as any notions of academic excellence.

Fourth, finance. Current figures speak for themselves. Oil revenues have fallen, costs have risen, including those of primary and secondary education: money is short. For 1978-1979, the universities asked for a total operating grant of N106m. The Government provided N153m. The shortfall of 14.5 per cent was "far greater than the universities could absorb," yet no one quite knows what to do about the problem. Some are worse off than others. The University of Nigeria at Nsukka was N123m in debt. Ibadan N7m, ABU N103m. Universities are very expensive and—looked at from Lagos—they are very troublesome. But the "politics of Minerva" deserves a separate account.

D.A.

* 1975-77 Report of the NUC from which subsequent quotations are taken.
† Figures exclude statistics of ABU. Staff-student ratios are not very far from those in Britain: an average of 12:1 compared with 10:1, although the figure varies a good deal between disciplines. There is a marked absence of post-graduate schools of any size, although graduate courses are offered in the older universities.

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NIGERIA XXV

THE BUSINESSMAN'S GUIDE

Great potential

the remaining section of Part 1 of the Survey deals with life and business in Nigeria. Doing business in Nigeria, as in other rich countries, presents difficulties which can only be overcome by a proper understanding of the system. The rewards there, provided Nigeria is not regarded only as a place to take an easy killing.

For the expatriate living there, Nigeria has its frustrations and its pleasures. Salaries are high, but so are living costs and anyone intending to work in the country must balance these costs.

The final articles deal with publishing—struggling to keep up with the demands made by the expanding education system—with the traditional and contemporary art in Nigeria.

ESPIE POPULAR misconceptions, Nigeria is not a rich country. Its per capita income, including oil revenue, is below that of many of its West African neighbours. What makes it attractive as a business opportunity is its large population, which forms a huge potential market; equally important, has foreign exchange with which to pay for goods and services from overseas.

The fact that the country has recently run into a balance of payments deficit is less an indication of weakness in the economy than a demonstration of the heavy investment in development and the scale of its import opportunities. The recent cut-back in development projects and restrictions on imports arise from a desire to keep expenditure within the limits of the available resources and to avoid the panic measures which have been forced on some other countries.

Doing business in Nigeria certainly presents its own special difficulties but these are often exaggerated and can usually be overcome by good planning and a property understanding of the system. For example, you will often be told that factory space is unobtainable in Lagos. Recently a company in need of premises for a new factory found four suitable buildings during the first morning of the search. Admittedly his was for a small building—larger sites present more problems. Negotiating deals or obtaining government approvals will need patience and persistence. If you write a letter and sit back waiting for a reply you will be disappointed but if you follow your letters with regular visits you sometimes make surprisingly rapid progress.

You can trade with Nigeria either as an offshore supplier of goods, sold either direct to the final customer or via an agent, or you can become directly involved in a Nigerian company. In the first case it is much like doing business in any developing country. Direct supply is only possible for high value capital goods or products which are supplied in bulk, and is likely to develop into a regular or expanding business. Indeed, many government organisations are obliged to purchase through locally registered companies.

If you are looking for regular business you will need an agent—choosing the right one is the most crucial decision you have to make. There are ten to fifteen large nationwide trading organ-

isations which are agents for a wide variety of products and if you want one company to cover the whole country for you, you have to choose one of these. They may, however, already hold the agency for one of your competitors—though not necessarily exclusively—and furthermore, if yours is a product requiring specialist technical sales and service, they may not be able to give it the detailed attention you would like.

In that event you may be better advised to select a smaller organisation to represent you. Despite the exaggerated claims they may make, the smaller companies will be unable to cover the whole country and you will have to provide extensive technical back-up and training and possibly second staff to the Nigerian company. It is unwise to commit yourself to an exclusive agency in the first instance.

It is important to realise that whomever you appoint as your agent, you will have to invest a considerable amount of time and money before you reap any rewards—except perhaps for the simplest non-technical products. Even for such goods, regular visits by your sales force are required to ensure that your product is being promoted to all sections of the potential market right across the country and that adequate stocks of products and spares are being maintained. It takes a long time for goods to reach Nigeria, particularly the more remote areas (lead times of as much as a year are often quoted) so it is vital to keep adequate stocks and ensure that ordering procedures are followed.

Greater

For technical products your own involvement will be much greater. You must ensure that you provide technical support which may necessitate short local courses for the Nigerian sales force and regular help from your own salesmen. More important, you will have to provide technical support which may necessitate short local courses for the Nigerian sales force and regular help from your own salesmen. More important, you will have to provide training for the service staff, possibly in Europe or otherwise outside Nigeria, and for the more sophisticated products you may need to send some of your own staff to Nigeria for two or three years.

Good service facilities and spare parts supply are rare in

Nigeria and a product which could gain a good reputation for this would sweep the Board. The quality of service is frequently the determining factor when a customer is choosing between different brands. The size of the country and the appalling communications make the supply of spares and service extremely difficult and most organisations have to compromise between the quality of service and the cost of holding stocks, though the compromise often seems heavily weighted against the customer.

Decree

Investment in Nigeria is governed by the Nigerian Enterprises Promotion Decree of 1977. This affects all businesses which are listed on one of the three schedules. Those on schedule 1 must be wholly owned by Nigerians, while 50 per cent or 40 per cent respectively of those on schedules 2 and 3 must be in the hands of Nigerians. Schedule 1 includes most service activities such as advertising, estate agencies or laundries and simple industries such as bakeries or clothing manufacture. In particular it includes all retail trade (except large supermarket chains), all distribution (except of motor vehicles, machinery and spare parts) and wholesale distribution of locally manufactured goods.

Schedule 2 includes banking, insurance, construction, distribution of technical goods, motor vehicles and imported goods and many manufacturing industries such as paints, rubber and plastics products and most industries based on local raw materials including petroleum and timber. Schedule 3 contains the more sophisticated manufacturing industries and all businesses "not elsewhere specified."

The intention of the decree is to limit foreign investment to those businesses where it is still necessary to import expertise although since the decree is of recent origin it is still open to interpretation. It could well be argued that the pace of indigenisation is too fast.

There are considerable incentives for manufacturing industries. First, many finished goods are subject to import duties while raw materials and components in the main pay only a nominal amount (e.g. air conditioners are charged at 75 per cent while the rate on components varies between zero and 10 per cent). Further protective tariffs were introduced in the last budget and in other cases, where there is significant local production, imports were put on licence or prohibited completely so that local manufacture may be the only way into the market.

Secondly, some industries have been designated as pioneer industries. Pioneer status gives you a three year tax holiday which can be extended by a further two

years if losses have been incurred and all depreciation can be deferred until you are paying tax. Only public companies can have pioneer status. Apart from governmental incentives there are other reasons for an overseas company taking part of the equity in a Nigerian company. If you are importing technical equipment you have much more control over promotion and particularly over service and spare parts, a vital factor when your reputation is at stake. Manufacturers have similar incentives plus the fact that protective tariffs are likely to become more and more common. Indeed once you are in production you will be able to bring pressure to bear so that a tariff is introduced on your product if it is not already protected.

Having decided to set up a Nigerian company the first task is to find local shareholders. Ideally these should have some experience of your business but it is not often possible to find those with this qualification. An organisation with experience of distribution or manufacture, as appropriate, is useful but perhaps most important is someone with good connections in business and government to help all the bureaucratic wheels. The next step is to register the company and with the help of a good lawyer this need not take more than two months (less if you push hard).

Permission

In parallel you must apply for permission to establish a partly foreign-owned business and to employ expatriates. Both applications are submitted to the Ministry of Internal Affairs on form T/1. Expatriates can only be employed when you have been given an expatriate quota. This quota will be for specific positions in the company and will only be given if the authorities feel that a suitable Nigerian could not be found. The quota will usually be for two years but can be extended, although you are expected to make real efforts to train a Nigerian to take over the position.

When you have submitted your T/1 application you will be invited to an interview by a panel from all the appropriate Ministries and you will be expected to justify the need for expatriates and to outline your training plans. You will also be asked to explain how your company will benefit the Nigerian economy. You will only be able to employ an expatriate who has appropriate qualifications for the post and be will have to produce documentary evidence of his suitability.

You will also have to apply to the Ministry of Finance for approved capital status. This will allow you to bring money into the country, to repatriate it if the company is wound up and to remit dividends on the shares purchased with it. Capital can be given approved status even though not contributed in the form of cash. Equipment, machinery, know-how or licences can form part of the capital.

Nigeria has strict exchange control regulations and the penalties for contravening them are severe. Payment for goods can be made against an invoice and bill of entry by application through the central bank. Letters of credit can be opened on a pro-forma invoice and again payment made against a bill of entry. Although in principle the procedure is simple it can take several months to get approval and cases can drag on for as long as two years. It is vital that all documentation is completed meticulously.

Payment for services and consultancy has to be approved in advance by the Ministry of Finance and is normally limited to 50 per cent of the total value of the contract. Providing prior approval has been obtained then once payments have been made the money can usually be remitted within four weeks. Providing shares have been given approved capital status, dividends can be remitted. There is at present a limit of 30 per cent (15 per cent after tax) on dividends, the figure being based on the nominal value of the shares.

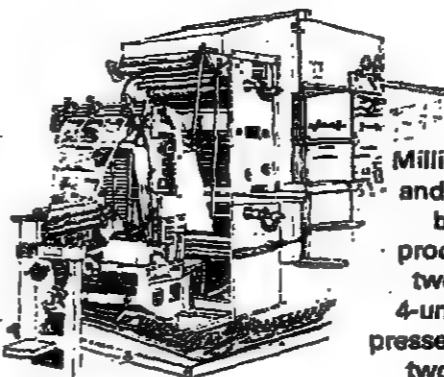
Management fees can be charged by an overseas parent company (with a limit of 5 per cent of turnover) but in practice it is very difficult to get permission to remit this. Royalties present similar problems. Despite these problems there is good business to be done in Nigeria providing you do not look on it as a market where you can make a quick killing. Find yourself a good partner, take the advice of those with experience of the country, do your homework and be prepared to wait for your investment to yield dividends.

By a Correspondent

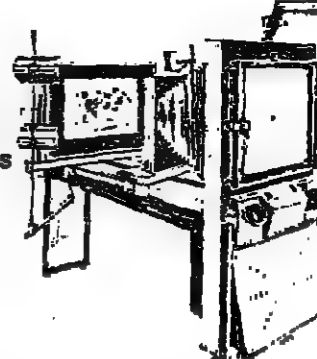
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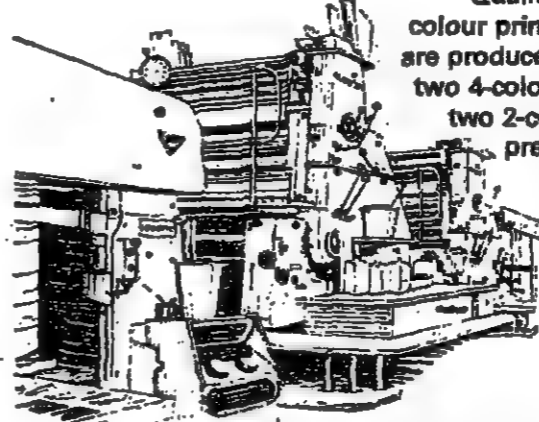
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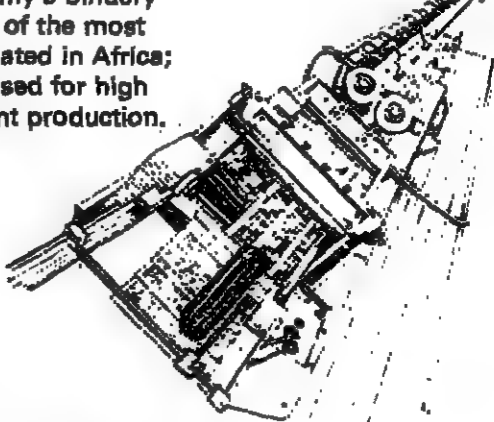
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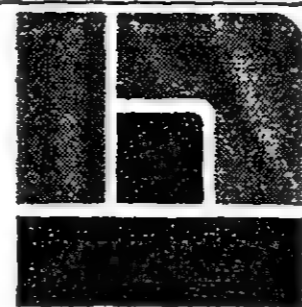
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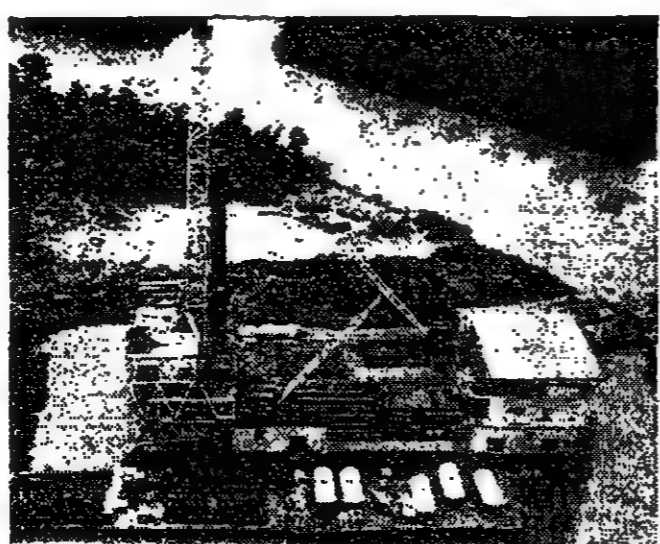
Recently, along with the traditional activities in the oil sector, ENI has entered new fields, such as the management of natural resources and agricultural development through the incorporation in Nigeria of a new company, Nigeco, based on the wide experience of the ENI Group natural resources engineering companies.

In 1977 crude production in the Niger Delta oil fields by Naoc — Nigerian Oil Company — reached 10.2 million tons and new development is going on to bring other wells in the same area into production.

SNAMPROGETTI is carrying out regularly the erection work for the huge Warrig refinery, of 5 million tons per year capacity, whose engineering and construction contract was awarded in 1975 and is to be completed at the end of 1978, and also the Warrig-Escrowas pipeline project.

SAPEM Nigeria, active in the country since 1966, has in progress several important drilling contracts, plant assembly and erection projects for ENI companies and other clients.

AGIP Nigeria improved in 1977 its share in the oil products market, strengthening its distribution net-



Naoc ibama Oil Field

work and today totalling 137 stations throughout the country.

COMERINT has been entrusted recently with technical back-up for the first running of the Warrig refinery while it is currently engaged in the technical training of the operation and maintenance personnel to be employed in the refinery.

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NIGERIA XXVI

Coping with the impossible...

LIFE IN LAGOS

ARRIVING at Ikeja Airport for the first time, the sensation in the stomach is not so much of butterflies as playful vultures. Could it really be as bad as people make out? Some would answer unflinchingly yes, but then it has become terribly unfashionable to say anything good about Lagos — especially among Nigerians, who have made an art out of Lagos bashing.

It is not done to say anything uncritical. If you tell someone you got through on a telephone, they will say it was a freak; if you catch a bus and say the people were a lot more polite than they are on London Transport, they will reply that it was because you are European; and if you say you got good service in a restaurant, they will say to your face you're a liar (and you probably are).

But for someone writing about first impressions of Lagos, which is what this article is about, it has to be borne in mind that what might pass for first impressions are often someone else's secondhand impressions recycled. What struck this visitor, from the time the aircraft was down on the runway and the passengers were herded on to a waiting bus, was that Nigeria belongs to the Nigerians and one way or another they are going to let you know. In Nigeria, do as the Nigerians do or you are lost. The fact of the matter is not that nothing works but that nothing works like you expect it to. For instance your taxi driver may stop at the traffic lights by putting on the hand brake because he knows that pumping

at the foot brake would be a waste of time.

But which is preferable, having to wait for 15 minutes standing in the cold at Heathrow Airport for a taxi or have taxi drivers fighting over who is going to carry your case? A lot will depend on your constitution. If it comes to that, when you find yourself stuck in the traffic just pull out a book (ideally War and Peace) until the traffic starts to move again.

The point about life in Lagos for someone who has just been there for the first time is that if you try to like Lagos you will probably still end up hating the Lagos — especially among Nigerians, who have made an art out of Lagos bashing.

Take the night life, for instance. Lagos is one of those places where the oldcomer will tell the newcomer that it's not as good as it used to be and the newcomer suspects all along that it never was.

The old haunts like Robby's Hotel where high life music used to wall until dawn are now about as cheerful as a coffee morning for alcoholics. But no one says that London is dead because the Palm Court orchestra doesn't get a standing ovation at the Round House. It is simply that Lagos is a city of the seventies and if you want to enjoy yourself now you have to know where to look.

Try the Gondola Club, for instance, where some of Nigeria's top musicians come and play on a Sunday. But don't expect the packed house to sit around in a reverential circle and listen. They prefer to sway across the tightly packed dance floor entwined around each other in an atmosphere like a dimly-lit sauna. If you need further proof that Lagos is a child of the 1970s just look out of your hotel room window (if you can afford a hotel room) and the brightly lit skyscrapers and streamlining flyovers could be the cosmopolitan capital of any country in the

world. Unless there's a power cut, of course. You also mustn't look out during the day because right under the windows of your £1.50 a night hotel is a little corrugated iron shanty town which gives you just a hint of another side of Lagos.

If you're the gambling type, hotel life should suit you very well, because everything is a gamble, from whether your telephone will work to whether you will find water in your tap. But if you can enter into the spirit of the thing it can be amusing. To take one specific example, there is room service roulette, a game for as many players as there are guests in a hotel.

The rules are fairly simple. Take a pen and the list of breakfast choices you should find on the handle of your bedroom door, close your eyes and ring some of the choices. If you prefer, you can look at what you're ringing but it won't make any difference to the final outcome of the game. Then just hang it outside your room.

In the morning at 6.45 sharp your breakfast may arrive, that is if you have rung 7.30 am. On the other hand it might arrive at 8.30 (both of which have been this correspondent's experience). But the real fun doesn't start until you start unwrapping the paper napkins and lifting the lids off the plates on your tray. You are guaranteed a surprise.

Some old hands at room service roulette may try to persuade you that they play a system. They will promise you that by ordering cornflakes, lightly boiled eggs and coffee they will win. But be warned of them because the whole essence of room service roulette is that it is entirely a game of chance and no amount of skill will help you.

On the other hand a lively imagination and some back reading on Beckett might help with your telephone

dialogue, which would be more accurately described as two monologues. Take this example: "Operator here, can I help?" "Yes, please, let's room 462 here, can you get me Lagos 64532?"

"Lagos?"

"64235?"

"No, 64532. No, sorry, I mean 64532."

"Which one?"

"64-5-2."

"OK. Room number?"

"462."

"463?"

"No, 462."

"You want Lagos 64532?"

"Yes, please."

"Sorry, we can't get any numbers beginning with 6, the lines are out of order."

But whatever you say about Lagos you cannot say that the people have not got a sense of humour. The ugliest situation can suddenly be turned into an enormous joke, unless it involves the law. And laughing has to be the final exit.

There is a sequel to this Lagos which no one should ignore if they visit the city. The poverty of Maroko is just as impressive as the stadium in the middle of Tafawa Balewa Square, and it is pointless saying that one exists while ignoring the other. But Lagos is making an effort. The traffic is apparently much better than it used to be, and telephones, sewage and water are all being installed.

Just before arriving in Lagos someone gave me some invaluable advice. "If you have any problems, just sit quietly on your suitcase and don't try to fight it." Instead, of course, there were rages, shouting and stamping of feet but it did no good at all, except that it had something of a cathartic effect. A foreigner's rage is greeted in Nigeria with at best amusement, at worst contempt. Essential travelling gear for the future will be a stout suitcase on which to sit.

M.W.

...and the irritating

EXPATRIATE LIFE

ONE OF the most irritating things about living as an expatriate in Nigeria is the other expatriates moaning about life in the country. This is not to say that there are no problems (what country is without them?), but there are many compensations. How many people living in Europe can regularly save a substantial proportion of their salary while still maintaining a good standard of living?

Both from a commercial point of view and in private life communications are a continual source of frustration. Telephones seldom work, even within Lagos. If your own instrument is working it is most unlikely that the person you wish to call is connected. If you make a successful call from Lagos to Apapa or Ikeja it would rate at least as much interest as a win on the premium bonds. If you can get a line to the international exchange you have a good chance of getting through to Europe and, indeed, from the offices of NET (Nigerian External Telecommunications) you can often book a call and be connected in less than an hour.

Long-distance calls within Nigeria are almost impossible but within some towns you sometimes get through. Telex is a little better, particularly from Lagos to Europe, but within the country there is no guarantee that your message will get through.

The post is erratic and although many letters reach their destination within a week a proportion take a month and some never arrive at all. Post to and from Europe takes around a week by airmail to and from Lagos and Kano but then is delayed by distribution round the rest of the country. Telegrams are a joke but are convenient as a delaying tactic if you don't really want prompt action.

Electricity supplies have been very bad recently and many

people have had power cuts for 30 to 40 per cent of the time. This is inconvenient at home and has a disastrous effect on industrial productivity. NEPA promised that all their problems would be over by the beginning of August—we are still waiting. Water supplies present some problems. In general the water is good but the pressure is frequently low, particularly towards the end of the dry season.

Travel in Nigeria has its own set of problems. Throughout the north the roads are generally good and before the end of the year the network linking all the major centres will be completed. In the west the roads have been much improved outside Lagos and with the opening of the expressway to Ibadan and the new Benin road the situation will be better still. The roads in the east still leave much to be desired. In Lagos itself traffic conditions have improved over the past two years. This is partly as a result of the law which keeps half of the cars off the road on any particular day but also because of the impressive speed with which new roads have been completed.

Nigeria Airways improved considerably earlier in the year but has now slipped back on some of the routes. Lagos-Kano seldom presents problems, but the other routes can. Even if you have a confirmed booking, your name may not be on the manifest when you arrive, and if you have your boarding pass the plane may not arrive.

The list above is a fairly formidable array of difficulties, and when you add to it the facts that most items are very expensive — for example your weekly food bill may be three times that in England, you sometimes cannot get petrol and you often cannot buy what you want or get simple repairs done — you may wonder why anyone chooses to live in Nigeria.

It is difficult to give a simple answer. There are those who are there simply for the money, and there is no doubt that most expatriates earn more and save more than they could possibly do at home. Most expatriate men working in Nigeria have more demanding jobs than at home and work longer hours, but if they are prepared for it, they will be given far more responsibility and so will accumulate experience at a greater

rate with expertise so thin on the ground. You have to accept that you have to learn to cope with a wider range of problems and if you appreciate a challenge you will enjoy your work. Nigeria is a "developing" country and despite what some of the old hands may tell you, progress is being made. The shortages are a measure of the rate of increase in demand. It is stimulating to be part of a developing society.

Cheerful

Nigerians are friendly and cheerful people and Europeans almost never meet hostility because of their race, though equally certainly they will pay more for their taxi fares. People will go out of their way to help you if you are in trouble. In Lagos recently, when I had lost my money, my taxi driver, to whom I already owed 50 naira for a long day's work, insisted on lending me a further 20 naira before he dropped me. On another occasion a taxi driver took me back to his house for a beer after the end of a day's work. I have more than once been offered accommodation when I have been stranded and payment has only been accepted with great reluctance.

Unfortunately, however, while most of the population is law-abiding there is a violent element and recently there have been a number of reports of armed robbery, both on the roads and from private houses and some of these, particularly in the Apapa area of Lagos, have involved grainitous violence. As a result of this a number of companies have been moving their staff to safer areas on Ikoyi or Victoria Island. The problem seems to be confined to Lagos and in the north it is difficult to imagine such an occurrence.

Living in Nigeria it is very easy to make friends and if you want a busy social life you can have it. People are friendly and if you are sporting by nature you will have plenty of opportunity to indulge a wide variety of games, particularly squash, tennis, golf and swimming. In the north you go riding very easily and the real equestrian enthusiast can play polo.

If you want a steady predictable life with no more problems than how to pay the gas bill or where to spend your annual fortnight by the sea, Nigeria may not be the place for you — but if you like a little more variety you could very well enjoy yourself.

By a Correspondent



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NIGERIA XXVII

Fierce competition

PUBLISHING

THE BENEFITS of Nigeria's recent oil boom to certain industries—most notably construction—have been widely publicised. Less well known, though in their own way quite as dramatic, are the effects of oil-induced government spending on other sectors. For many British educational publishers Nigeria has become in the last few years easily the largest single foreign market, with sales of their own and their subsidiaries' products in some cases rivaling their domestic British market.

The most important single factor has been the enormous planned expansion in education in Nigeria, which in terms of publishers' statistics, has meant a potential market increase over five years of some 120 per cent at primary level, 200 per cent at secondary level and an even higher percentage in the tertiary institutions. The educational field constitutes over 80 per cent of the Nigerian book market: the planned expansion could mean an annual requirement of between 70 and 80m books by 1980.

These "target" figures now seem unlikely to be fulfilled, partly because of recent cut-backs in government spending. The requirement for books and materials may settle at something over half the projected figures, but even so Nigeria will continue to have by far the largest book requirement in Africa, perhaps six times as large as Kenya, her nearest rival.

This imposes a heavy burden on Nigeria's publishing industry, still mainly within the private sector. Recently both Federal and State governments have expressed doubts about the ability of the industry in its present form to satisfy the student population on price and

availability and a number of parastatals have been formed or are in process. There is a strongly held view, shared by the members of the Nigerian Publishers Association, that this approach in the present stage of economic and political development in Nigeria would have negative effects on the variety, quality, authorship and distribution of books.

However, it is obvious that there are problems in the industry which require attention and improvement. United Nations' and other statistics show that Nigeria, in common with other African countries, lags far behind, even in the developing world, in the annual production of new titles. A high proportion of books in use are printed abroad and paid for in foreign currency and, despite efforts at price control, shortages engendered by long lead times in production and delivery lead to sharp price fluctuations.

Reflection

Publishers tend to dismiss the lack of new titles as a reflection of the market and of the process of development. The foreign domination of printing is blamed on the failure of the printing managements to invest early enough in new plant and training and price fluctuations are seen as a part of inevitable difficulty in Nigeria of forecasting both volume demand and shipping times for paper and finished books. These are natural targets for criticism by authorities intent on ensuring that relevant books are freely available at the lowest possible cost both to the individual student and to the nation as a whole.

In fact the Nigerian publishing industry—the healthiest, with Kenya, in Africa and certainly the most prolific—is quite capable of solving these problems internally. From small beginnings in the missions,

transcribing and printing local languages for evangelical use, locally staffed publishing departments commensurate with the size of the market, Nigerian houses should be able to broaden the base of their activities and explore new markets outside the educational field.

The most serious limitation remains the poorly developed state of the printing industry. There are still only two major printing houses capable of initiating, printing and binding a sufficient variety of book formats and the total capacity of these houses falls far short of the normal annual requirement of the expanded educational system.

Quality too, in a country which demands internationally acceptable standards, is erratic and prices are often nearly twice those obtainable in established printing centres. Because production would not prove popular in the price and quality-sensitive Nigerian educational market, printers have tended to turn to the more profitable jobbing and packaging areas. Publishers, even those with no outside connections, have turned to foreign printing centres and this in turn has affected the development of local production and design skills.

There is no short-term or easy solution to this problem. High volume quality book production involves both heavy investment and a high level of skill, and in the absence of the latter the former becomes unattractive. The solution can only be found eventually in confidence of full order books, in further development of printing skills and, perhaps, outside technical aid.

Priority

Meanwhile the federal Government has clearly recognised this problem in its proposal to form a National Printing and Publishing Company, though it seems, so far, to have given priority to the publishing side. This alone will solve no problems. Nigeria already has

Indeed the ferocity of competition for authors and subject matters sometimes leaves gentlemen outsiders confused by its intensity. The demand for speed of reaction to changes in syllabus and educational direction is a far cry from the measured and orderly process of book production in Britain. However, because of this inevitable pursuit of the narrow, demanding and high-yielding education market, publishers have so far failed to pioneer and develop areas of general publishing, particularly for children, new literates and the growing middle class. In part this is due to an absence of obvious demand, though the successes of some French houses in Francophone Africa indicate that the potential is there. Now, with a more stable pattern of education demand

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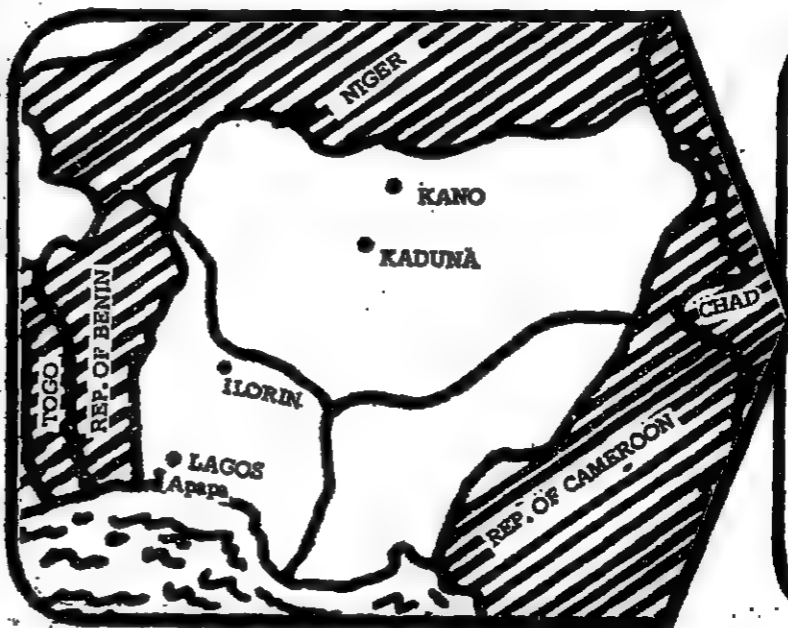
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By a Correspondent

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IF YOU choose to take up a job in Nigeria you can expect a good salary and valuable fringe benefits. The details of assistance with school fees. You

the package will vary but tours may make a small contribution to your rent.

Income tax is on a PAYE system but the rates are lower than in Britain. On a salary of N20,000 you would pay less than N4,000 in income tax. You are allowed to remit 50 per cent of your net salary in foreign currency while you are in Nigeria and all of it when you are on leave. This may all sound very

attractive, but living in Nigeria is very expensive: food costs nearly three times as much as in Britain and eating out is expensive. Outside entertainment is limited and what there is is expensive. Sporting facilities are good in all the major towns.

Life in Nigeria can be enjoyable if you are adaptable. The work can be challenging even though often frustrating and the rewards are worthwhile.

The cost

NIGERIA IS without doubt one of the most expensive countries in the world and this must be taken into account on a visit there, let alone before setting up a business or going to live there. Costs in Lagos are similar to those in the rest of the country except for housing and the list below gives some examples of what you can expect to pay for a variety of goods and services.

	Naira
Taxi from airport to hotel in Lagos	10-15
Car hire or taxi per hour	5
Good hotel in Lagos, per night, including meals	50
A good night out, but not extravagant, including drinks, per head	30
Rent of a house or flat with three bedrooms in Lagos, per year, but you may pay up to five years in advance	30,000
Rent of a three-bedroom bungalow in Kano, per year, but you may pay two or three years in advance	15,000
Rent of factory or warehouse, per sq metre per year, perhaps three years in advance	60-80
Rent of office in Lagos, per sq metre per year, perhaps three years in advance	200
Legal charges to set up a company of N500,000 authorised capital	3,750
Stamp duty at 1 per cent	5,000
Lawyers' fees	
Labour cost per man per year:	
Labourer	700
Driver	1,100
Operator	1,200
Craftsman	1,500
Foreman	2,500
Sales manager	4,000
Production manager	9,000
Accountant	12,000

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Fostering a creative tradition

ART

THE WORKS of the great but anonymous pre-colonial artists of Nigeria have acquired such an international reputation that nowadays they compete for price with those of European masters at Christie's and Sotheby's. The paintings and sculptures of their contemporary counterparts are little known outside the country, and even within it are appreciated by only a limited audience. This is not surprising given that the modern art tradition—as distinct from the pre-colonial religious—is barely half a century old in Nigeria.

The pre-colonial Nigerian artist—or traditional, as he is more commonly known—worked almost exclusively within the context of the religion of the ethnic group to which he belonged. This was in marked contrast to the contemporary artist, who saw the whole world as a potential audience.

Almost all the works of traditional art had a ritual function. Few, if any, were created purely for contemplation by an individual patron, so the development of a tradition in which the primary concern of the artist was to produce work for this purpose marked a radical departure from the pre-colonial tradition.

Concern

This did not mean that the traditional as compared with contemporary artist lacked aesthetic concern, as some scholars have suggested, or that those who commissioned the work—whatever cult group or king—were not concerned with the decorative as well as the functional aspects of the work.

A study of the Yoruba *gelede* masks, for instance, shows that while the basic form always remained the same, the artist had considerable scope for interpretation and innovation. The closest parallel to the traditional artist in Nigeria was

by-product of European art taught in school and church to Europe. His contemporary counterpart was very much a father—and even, as in the case of Patrick in Onuora traditions of the early 20th century.

The European occupation of Africa in the 19th century was more destructive of traditional African art than any other aspect of its creative culture.

The conversion to Christianity which attended colonial penetration, and the rapid spread of Islam under colonial rule deprived many traditional artists of their patronage. Some turned to carpentry as a more profitable occupation. Those sculptors who continued to practice their art found a new market among tourist and resident expatriates for the mass-produced polished ebony heads to be found almost anywhere from Dakar to Dar-es-Salaam—or, as Western demands for traditional African art grew, for sophisticated but pallid copies of originals. As a result bronze work in Benin, for example, has experienced a revival but it has not experienced a renaissance.

Traditional art is now a phenomenon of the past. Its place has been taken by a group of artists—as yet still small in number—who work in a very different context. They rarely work on commission whereas their traditional counterparts rarely worked without one. Their work is not limited by ethnic and religious considerations; rather they have access to the diverse artistic traditions and techniques of the world. Where the traditional artist worked for his own community, which he knew would understand it, and indeed could not deviate from a mutually acceptable form, the contemporary artist creates what he likes and hopes that he will find a patron and an audience.

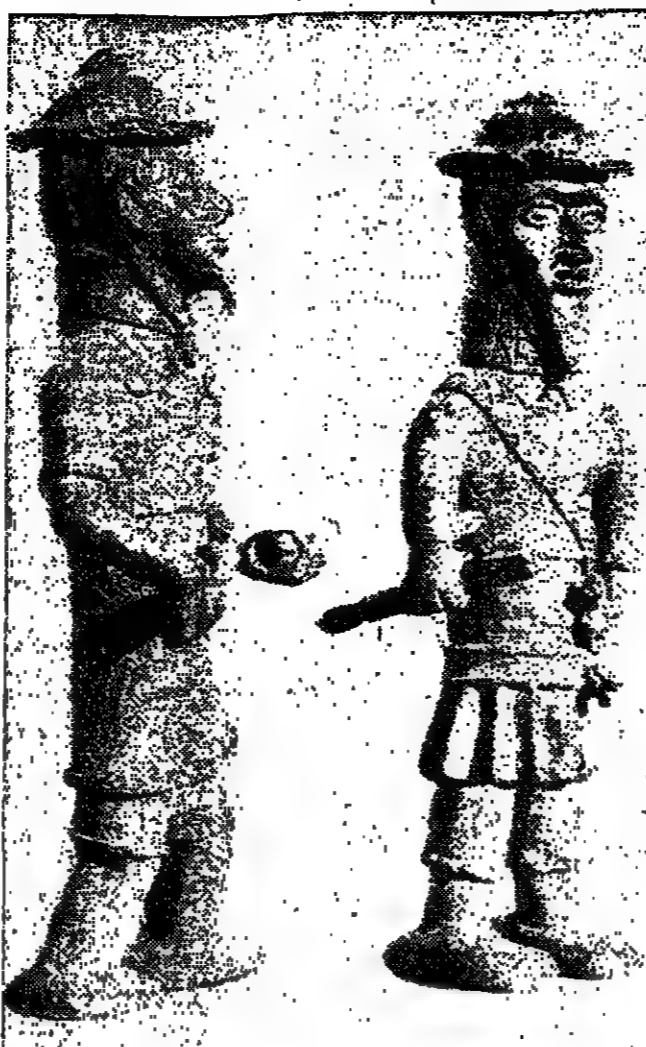
Traditional art was in a very real sense popular art, whereas contemporary art is very much an elite form. Above all, contemporary Nigerian art has emerged from a Western tradition, and the major pre-occupation of Nigerian artists in recent years has been to domesticate this tradition and relate it to their pre-colonial heritage. Here one must remember that the most contemporary artists were

Successors

In 1927 the Department of Education took on an English art teacher Kenneth Crothwaite Murray, who taught successfully in Lagos, Ibadan and Umashia. Unlike many of his compatriot successors he did not believe in imposing Western art methods on his pupils. Rather did he believe—in the words of Uche Okeke, head of the Fine Arts Department of the University of Nigeria at Nsukka, that "it was through the study of indigenous crafts and traditions that truly contemporary art would evolve." In this he differed from Onobun, who up to his death championed a rigid Western-style training for the aspiring artist.

As a result of Murray's approach the work of his star pupils—most notably that of Ben Ewunwun, who was later to become Federal Art Adviser—were not mere academic exercises but, though naive, had an integrity and quality intrinsic to their cultural background. This was recognised in the success of their joint exhibition at the Zwemmer Gallery in London in 1957.

The Western academic tradition—despite Murray's initiative—was to dominate the teaching of art in Nigeria until the 1960s. For the student wishing to pursue art beyond the secondary school level there was until the 1950s no alternative to the art school overseas. Thus Ewunwun studied at the Slade, a course which while it brought



An example of traditional art in Benin Museum. Portuguese soldiers who were with Oba Esigie when the troops of Idah were defeated in 1515.

increased sophistication to his technique, imposed on his paintings a pre-occupation with proportion and perspective that deprived them of much of their result was less influential—though in Mount's time it produced an exciting sculptor, Festus Idehen, whose star has alas since faded. In protest at the heavily Western orientation of their courses on the eve of independence in 1960, students at Zaria formed a society whose president, Uche Okeke, declared: "We must fight to free ourselves from foreign culture; we must have our own school of art, independent of European and Oriental schools but drawing on them as much as possible for what we consider in our clear judgment to be the cream of their influence and welding artists are at similar pains to

it to our native culture."

When they graduated these students, who included some of the most important artists in Nigeria—Bruce Onobrakpaya, Yusuf Grillo, the late Simon Okeke, Demas Nwoko and Uche Ukeke himself—followed this call.

In an attempt to resolve the dilemma identified by the Zaria students the Department of Extra-Mural Studies in the University of Ibadan sponsored a series of workshops in Ibadan at Oshogbo where artists—practising or potential, and irrespective of educational background—could experiment freely under the guidance of an established artist who would teach technique but not impose ideas. Members were encouraged to draw on their own as well as Western artistic heritage for their inspiration.

From these workshops and others subsequently held in the University of Ife emerged a school of artists who draw heavily on Yoruba mythology and art forms for their inspiration and are pre-occupied with experimentation in media—for instance in the use of beads, shells or thread as substitutes for paint.

Critics of this approach argue that the products of these workshops are too imitative of their tutors' work. Certainly one can detect the continuing influence on them of the most influential of these tutors—Suzanne Wenger and Georgina Beier. Few show sustained creative development and repeat the formula—if not the paintings themselves—which first gained them success.

By and large this is a fair criticism, though Muraina Oyelami, for example, has shown the development of an usually associates with formally trained artists. Even though a certain antagonism has developed between the two groups of artists, they have undoubtedly inspired each other—and the Society of Nigerian Artists, which had tended to be exclusively an association of academically trained artists, now includes leading Oshogbo and Ife artists.

The academically trained artists are at similar pains to

draw inspiration from their heritage—as is best seen in the influence of Igbo *uli* body and house decoration, particularly its distinctive line, in the work of the Nsukka school.

The best in both groups are, in the words of Emmanuel Oditia, striving to synthesise purely African elements to create "a balance between detail and structure, between artificial design and naturalism; between the traditional form and individual innovation." This has perhaps been best realised in the work of Muraina Oyelami of the Oshogbo school and Obiora Udechukwu of the Nsukka school—perhaps the most exciting artistic talent to emerge in Nigeria in the past decade.

Balance

Such a balance is perhaps more easily achieved in painting than sculpture—Nigerian sculptors seem so overwhelmed by their traditional heritage that all too often their work is overtly derivative or imitative of it. Nigerian sculptors of the calibre of the late Vincent Kofi of Ghana or Christian Lattier of the Ivory Coast have yet to emerge.

Nigerian artists have had to strive to establish not only an identity but an indigenous patronage. Until very recently their patronage was predomi-

nantly expatriate, with the result that much of their best work—particularly their early work—has left the country. Only recently has the Nigerian elite begun to invest in contemporary Nigerian art.

This did not mean that the trained artist starved. He received, and still does, indirect patronage from Government, universities and the advertising industry—where demand for art teachers and graphic artists has up to now exceeded supply. Government, public institutions and business corporations have also directly provided patronage in the form of commissions for murals and sculptures for buildings, thus affording the public one of the few opportunities it has to see contemporary Nigerian art.

For though there are numerous museums devoted to traditional Nigerian art, there is no single gallery with a collection of contemporary art on permanent display. The establishment of a National Gallery—long mooted—is a matter of considerable urgency. Without it there is little likelihood that the patronage to sustain the healthy growth of Nigerian art will develop. Contemporary Nigerian artists have come a long way towards solving the problem of their identity—but they still have a long way to go in establishing their patronage.

M.C.

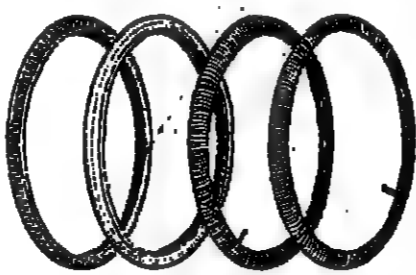
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INTERNATIONAL FINANCIAL AND COMPANY NEWS

BY FRANCIS GHILES

London holiday for U.S. administration

Prices of dollar-denominated bonds held steady last week in what was essentially professional trading while in the Deutsche Mark sector trading was more active than the week before and prices edged up by a quarter to half a point. This trend continued yesterday with prices up by a further eighth of a point in what one Frankfurt dealer called good turnover for a Monday.

With London closed down for the August Bank Holiday, trading in the dollar sector was more or less at a standstill in contrast to the previous week the foreign exchange markets were quiet last week: the dollar remained steady, even firming up against some currencies, while the rise in the U.S. discount rate announced ten days ago was shrugged off by the market. Fed Funds rates, the rates at which banks lend to each other, settled down at between 8 1/2 per cent and 9 per cent. The market did not change its prime lending rate, which currently stands at 9 per cent, and other Euro-dollar rates, after a slight movement upwards at the beginning of the week, fell back, ending the week at the same level as ten days ago.

These developments hardened the belief of one school of thinking, the members of which are not urging their clients back into the market, albeit on a temporary basis. Those who hold to this line of thought argue that the U.S. Administration may finally have understood that taking firm measures which will help the dollar and bring down the rate of inflation are crucial. They have taken note of what the Chairman of the Federal Reserve, William Miller, said in an interview last week: that he hopes interest rates will peak by the end of the year although they might well rise further before then. William Miller added that he thought it was possible to keep the current economic expansion going in the U.S. and lower the monetary growth without pushing the country into a recession.

Were this scenario to work out, some bankers note, the profits to be made by investors, not least on currency considerations, would be considerable. Selective buying should, therefore, be the order of the day. Given the absence of any selling pressure and the closure for over one month of the primary

sector for straight bonds (it reopened last week with a bond for Exportations of Norway) dealers have remarked that it is getting more difficult to obtain good lines of stock in any size. This, as much as the steadiness of the dollar, is responsible for the improvement across the board of the dollar sector last week.

In the FRN sector, Société des Autoroutes Rhône-Alpes has decided to call for early redemption of the remaining \$20m of its \$25m 15-year floating rate notes issued in 1974. The reason for this recall, believed to be the first ever for an FRN, is that the borrower is paying a minimum rate of 8 1/4 per cent which is about 2 per cent different from rates he would pay today. Other borrowers in the same situation could well choose to follow.

In the Deutsche Mark sector trading was more active last week, particularly on Friday and this trend continued yesterday with much higher activity than normally witnessed on a Monday. Two indications that the steady trend in this sector is now firmly based were provided last week: the issue for the Commonwealth of Australia amounts to DM200m. When the calendar for new issues was decided two weeks ago, it was indicated that this issue would be between DM150m-250m. The second indication of a firmer market is provided by prices of recent issues which have held up well in the secondary market, with the exception of the UDS rate of 8 1/4 per cent which is about the same not being very well known. Statof, for instance, was being quoted at 98 1/2, having been priced at 99 1/2.

Japanese convertibles are trading very attractive, due not least to the strong performance of the Tokyo stock exchange. A further convertible for a Japanese address is expected from Westdeutsche Landesbank this week. The only other issue expected, probably today, is a DM50m for the Industrial Mining and Development Bank of Iran through Bapierische Vereinsbank. Terms are likely to include a six year maturity, a coupon of 7 1/2 per cent and pricing at par. This basket issue will be in the form of a private placement. Lead in the Swiss Franc sector the world Bank will float a further bond of Sfr250m. This time round the terms are slightly different from those of the issue for the same amount floated in the sector earlier this month: a 10 year maturity as against a 15 year one and a coupon of 4 per cent as against 4 1/2 per cent. A Sfr100m 15-year bond carrying an indicated coupon of 4 per cent for the City of Vienna was announced yesterday. Lead manager is Kreditbank (Swiss). Reed International will repay next July the whole of its outstanding Sfr180m bond due 1978-82.

Reed International will repay next July the whole of its outstanding Sfr180m bond due 1978-82.

CURRENT INTERNATIONAL BOND ISSUES										Offer yield %
Borrowers	Amount m.	Maturity	Av. life	Coupon %	Price	Lead manager				
U.S. DOLLARS										
U.S. Exp. Dev. Corp. Canada	125	1983	n.a.	8.60	100	Salomon Bros., Wood Gundy	3.78			
U.S. Exp. Dev. Corp. Canada	80	1990	1	1	-	Nikko Securities	-			
U.S. Exp. Dev. Corp. Canada	20	1990	1	1	-	CSWB	-			
U.S. Exp. Dev. Corp. Canada	25	1986	4	4 1/2	-	Société Générale	-			
U.S. Exp. Dev. Corp. Canada	50	1986	6	9	-	Citicorp Int., Den norske	-			
U.S. Exp. Dev. Corp. Canada	25	1990	n.a.	9 1/2	99 1/2	Creditbank	-			
U.S. Exp. Dev. Corp. Canada	25	1990	n.a.	9 1/2	99 1/2	Daiwa (Europe)	9.61			
D-MARKS										
U.S. Exp. Dev. Corp. Canada	30	1984	-	3 1/2	100	Deutsche Bank	3.54			
U.S. Exp. Dev. Corp. Canada	40	1986	-	3 1/2	100	Deutsche Bank	3.54			
U.S. Exp. Dev. Corp. Canada	150	1988	8	6	99 1/2	Deutsche Bank	6.07			
U.S. Exp. Dev. Corp. Canada	40	1985	-	3 1/2	100	Dresdner Bank Daiwa	3.54			
U.S. Exp. Dev. Corp. Canada	100	1983	5	5 1/2	99 1/2	Commerzbank	-			
U.S. Exp. Dev. Corp. Canada	200	1988	10	6	-	Deutsche Bank	-			
SWISS FRANCES										
U.S. Exp. Dev. Corp. Canada	75	1988	n.a.	3	-	Credit Suisse	-			
U.S. Exp. Dev. Corp. Canada	250	1988	n.a.	4	-	Credit Suisse	-			
YEN										
U.S. Exp. Dev. Corp. Canada	10bn	1992	10.5	7.4	99 1/2	Daiwa	n.a.			
U.S. Exp. Dev. Corp. Canada	15bn	1988	10	5 1/2	-	Daiwa, Deutsche, S. G. Warburg	-			
GUILLERS										
U.S. Exp. Dev. Corp. Canada	75	1985	7	7 1/2	99 1/2	AmRo	7.34			

* Not yet priced. † Final terms. ** Placement. †† Floating rate note. ‡ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ††† Registered with Japanese Ministry of Finance. Notes: Yields are calculated on AIBD basis.

Toyota profits stagnate

TOKYO, August 28. NET PROFITS of Toyota Motor Company, the leading Japanese car company, were virtually flat in the fiscal year to June 30 at ¥118.8bn (\$609m) compared with ¥118.8bn, with sales up to ¥2.62 trillion (million million) from ¥2.29 trillion.

The company expects to have difficulty in maintaining its 1978-1979 net profit at last year's level. The managing director, Mr. Hideaki Mori, said that sales for the year ending next June were expected to rise slightly to ¥2.63 trillion from ¥2.62 trillion a year earlier. He pointed to difficult export market conditions arising from the yen's appreciation against the dollar and to uncertain domestic market prospects. Mr. Mori said that Toyota planned to produce and sell 2.55m vehicles during 1978-79, which would include 1.31m for export. This compares with 2.59m the previous year, which included 1.5m for export.

The last fiscal year's sales gain was largely helped by the favourable export performance, but the yen's strength and labour cost increases reduced the net profit. Despite the continued corporate efforts to reduce production costs, he said, higher steel prices were another factor reducing profit. Mr. Mori said the exchange loss amounted to ¥14bn, while wages cost the company ¥17bn.

Toyota Motor is now the biggest company in Japan in terms of sales, surpassing Nissan Corp., which reported sales of ¥2.33 trillion this year.

Boral records growth

SYDNEY, August 28. BORAL, the major building products group, boosted its profit by almost 25 per cent, to \$16.5m, from \$13.2m in the year to June 28. The results include a contribution of \$875,000 from the plaster board and insulation group, Australian Gypsum Industries, representing 56.47 per cent of its results from April 1. Another 11 per cent of the group's profit is now wholly-owned and was acquired to broaden the range of Boral products available to the home building and home improvement markets.

The dividend is held at 12.5 cents a share and is covered by earnings of 27.5 cents a share compared with 26.7 cents in 1976-77. Group sales rose 15 per cent, from \$250m to \$288m (U.S.\$288m) including a contribution of \$515.5m from Australian Gypsum. The directors said that land and buildings had been independently revalued resulting in a surplus of \$816.2m for Boral and \$7.8m from Australian Gypsum. The directors saw operations directly concerned with the home building industry were affected by a sharp drop in the number of dwelling approvals during the year, but improved efficiency and cost control minimised the effect on profits. Operations involved with the construction industry and home improvement market benefited from improved levels of activity. The results were also materially assisted by export sales.

Rothmans dip in Malaysia

KUALA LUMPUR, August 28. RESULTS of Rothmans of Pall Mall (Malaysia) suffered a setback in the year ended June, with pre-tax profits falling by 10 per cent to 11.45m Ringgits (U.S.\$4.6m).

Growth in Varta's turnover distorted by currency swings

FRANKFURT, August 28. World-wide turnover of the opening six months of 1978 totalled DM 568m (\$278m), of which foreign sales accounted for DM 293m, or 51 per cent. The effects of recent currency fluctuations can be assessed from the fact that while foreign sales were up by 18.4 per cent in the currencies in which they were transacted, the rate of increase was only 2.3 per cent in mark terms.

According to the interim statement, Varta's management appears reasonably satisfied with progress and hopes that the recent improvement noticed by the German parent concern will mean that Varta will be able to maintain 1977's 4.5 per cent sales growth this year. Despite difficulties in industrial areas, Varta said, first half sales rose by 31 per cent to DM 293m, or 51 per cent, including inventory credit but excluding a DM 10m gain on the sale of its interests in Glenlivet Distilleries of the UK. Revenues were \$299m against \$266m.

The company said that if consumer demand continued at the present high level, a further improvement in earnings in the second half should occur. Retail sales were ahead by 8.7 per cent despite the loss of sales due to the sale of certain Quebec food operations to Provigo earlier this year and to a sharp decline in sales in a number of Quebec communities due to the iron ore strike. Hudson's Bay said that four new stores were opened in August. Another will be opened in October in Mississauga, Quebec.

It intends to implement a quarterly dividend policy with the first dividend payable in January, 1979. The company, which now pays half-yearly, will pay a regular semi-annual dividend of 24.5 cents on October 16 to shareholders of record September 21.

Meanwhile, Markborough Properties, the Toronto-based developer associated with Hudson's Bay, earned \$31.5m, or 47 cents a share, in the first nine months compared with \$31.7m, or 48 cents, a year earlier, with revenues down to \$318.5m from \$327.4m.

Newsprint machine

The first major expansion of newsprint capacity in Canada for several years will be undertaken by Crown Zellerbach Canada at Elk Falls writes Robert Higgins from Montreal. A third newsprint machine would be installed at a cost of \$315m, with the start-up set for 1981. A final decision will be made shortly.

Optimism at Hertie

BONN, August 28. TURNOVER of Hertie, one of West Germany's biggest department store groups, rose by 2.7 per cent to DM 2.9bn in the first half of this year against the same period of 1977. Hertie sees signs of an improvement in earnings but gives no details.

Last year was a tough one for the group—in common with virtually all its domestic competitors—and sales rose by only 0.6 per cent to DM 6.3bn. There are signs of an increase in consumer demand this year and Hertie is expanding its activities by the enlargement of its "Kadewe" store in West Berlin.

Preussag losses

PREUSSAG said it made a trading loss in the second quarter this year, although it improved over the three months. Reuter reports from Hannover. In an interim report it said its first half group third-party sales rose to DM 1,200m compared with 1,190m a year ago. Coal sector output rose, cutting its loss against the year ago while in the construction sector earnings improved following the stronger domestic market, Preussag said.

DUTCH RETAIL GROUPS

Growing role for overseas activities

BY CHARLES BACHELOR IN AMSTERDAM

INTERNATIONAL standards. The low levels of economic activity have curbed consumer spending and the Dutch economy has been slow to recover. It has long been accepted that the percentage of income spent on food and other necessities decreases with rising standards of living but this trend is now also being felt by the department stores selling more expensive items. The extra money goes on holidays and foreign travel, the car, the second house and sports, Bijkorf notes. Each of the big retailers is, in its own way, following and where possible anticipating these trends. Bijkorf is acquiring a chain of sports equipment stores in Holland to add to its existing retail sports business. This will lead to a doubling of the number of sports stores to 21. More ambitiously, and with an eye on the unreliability of the Dutch weather, Bijkorf is developing a holiday centre for water sports on the French Mediterranean coast and a winter sports centre in Germany and Holland. The extra money goes on holidays and foreign travel, the car, the second house and sports, Bijkorf notes. Each of the big retailers is, in its own way, following and where possible anticipating these trends. Bijkorf is acquiring a chain of sports equipment stores in Holland to add to its existing retail sports business. This will lead to a doubling of the number of sports stores to 21. More ambitiously, and with an eye on the unreliability of the Dutch weather, Bijkorf is developing a holiday centre for water sports on the French Mediterranean coast and a winter sports centre in Germany and Holland.

North American News

Hudson's Bay lifts earnings

By Robert Higgins
MONTREAL, August 28. HUDSON'S BAY COMPANY, the major Canadian department store, resource and land development group, raised first half earnings by 31 per cent to 47 cents a share, from 36.4 cents, or 23 cents, including inventory credit but excluding a DM 10m gain on the sale of its interests in Glenlivet Distilleries of the UK. Revenues were \$299m against \$266m.

The company said that if consumer demand continued at the present high level, a further improvement in earnings in the second half should occur. Retail sales were ahead by 8.7 per cent despite the loss of sales due to the sale of certain Quebec food operations to Provigo earlier this year and to a sharp decline in sales in a number of Quebec communities due to the iron ore strike. Hudson's Bay said that four new stores were opened in August. Another will be opened in October in Mississauga, Quebec.

Servomation bid raised

BY DAVID LASCELLES
NEW YORK, August 28. LIGGETT GROUP, the U.S. is for any and all shares, and tobacco concern, has increased its offer in its takeover battle for Servomation, the vending machines and catering company. Through its subsidiary Liggett Food Services, the company raised its cash tender offer from \$48 per share to \$48.50, capping last week's offer from GDV of \$47. Both offers are now in force, and due to expire on September 12. But they differ in detail.

Liggett is only tendering for 45 per cent of Servomation's outstanding shares, with the remainder to be exchanged for Liggett stock. Servomation's offer, on the other hand, were trading at about \$24.

CAB approves stock move by Pan Am

BY JOHN WYLES
NEW YORK, August 28. THE Civil Aeronautics Board (CAB) today cleared the way for already owning 11.9 per cent of National and Pan Am best stock of National Airlines by conditionally approving Pan Am's bid for National. The CAB's decision, which was a surprise \$300m bid for National Airlines, cleared the way for Pan Am to acquire a 25 per cent stake in the airline, which would be lodged in a voting trust. This was precisely in line with the proposal, approved by the CAB, from Texas International Airlines which announced its intention to seek control of National early in July.

CAB approval would be needed for a takeover of National by either airline, and since the agency's final decision will not be known before next March, the CAB's decision is seen as a prelude to a takeover. National has been allowed 30 days to increase its holdings in National, while the CAB decides whether to approve their proposed voting arrangement or whether to order divestiture of their holdings. By giving Pan Am approval to buy more stock, the CAB rejected a request from National to prevent any takeover. National has been allowed 30 days to increase its holdings in National, while the CAB decides whether to approve their proposed voting arrangement or whether to order divestiture of their holdings.

COMMODITIES

U.S. Markets

NEW YORK, August 28. Cocoa—Sept. 147.00 (146.00), Oct. 148.25 (146.50), Nov. 149.00 (147.00), Dec. 149.50 (147.50), Jan. 150.00 (148.00), Feb. 150.50 (148.50), Mar. 151.00 (149.00), Apr. 151.50 (149.50), May 152.00 (150.00), Jun. 152.50 (150.50), Jul. 153.00 (151.00), Aug. 153.50 (151.50), Sep. 154.00 (152.00), Oct. 154.50 (152.50), Nov. 155.00 (153.00), Dec. 155.50 (153.50), Jan. 156.00 (154.00), Feb. 156.50 (154.50), Mar. 157.00 (155.00), Apr. 157.50 (155.50), May 158.00 (156.00), Jun. 158.50 (156.50), Jul. 159.00 (157.00), Aug. 159.50 (157.50), Sep. 160.00 (158.00), Oct. 160.50 (158.50), Nov. 161.00 (159.00), Dec. 161.50 (159.50), Jan. 162.00 (160.00), Feb. 162.50 (160.50), Mar. 163.00 (161.00), Apr. 163.50 (161.50), May 164.00 (162.00), Jun. 164.50 (162.50), Jul. 165.00 (163.00), Aug. 165.50 (163.50), Sep. 166.00 (164.00), Oct. 166.50 (164.50), Nov. 167.00 (165.00), Dec. 167.50 (165.50), Jan. 168.00 (166.00), Feb. 168.50 (166.50), Mar. 169.00 (167.00), Apr. 169.50 (167.50), May 170.00 (168.00), Jun. 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Indices

the 1990s, the number of people in the world who are illiterate has increased from 1.2 billion to 1.5 billion. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015.

AUTHORISED UNIT TRUSTS

[illegible]

Minster Fund Managers Ltd.			Provincial Life Ins. Co. Ltd.		
Minster Fund, Arthur St. E.C.4.	01-629 3800	3.28	22, Boleyners, E.C.2.	22	13.15
Minster Fund, Arthur St. E.C.4.	01-629 3800	3.28	22, Boleyners, E.C.2.	22	13.15
Minster Fund, Arthur St. E.C.4.	01-629 3800	3.28	22, Boleyners, E.C.2.	22	13.15
Minster Fund, Arthur St. E.C.4.	01-629 3800	3.28	22, Boleyners, E.C.2.	22	13.15
NLA Unit Trust Mgmt. Ltd.			Prud. Portfolio Mgmt. Ltd.		
Overseas Street, S.W.1H Regd.	01-929 7222		North Bond, E.C.1H 2H1		
NLA Units	87.4	49.8	11	34.5	
Mutual Unit Trust Managers (a) (g)			Quintessence Management Co. Ltd.		
15, Campbell Ave., E.C.2H 1B1.	01-606 4882		The City Exchange, E.C.2H 1H1		
Mutual Sec. Fds., 1973	52.7	52.7	Quadrant Gen. Inv. 1973	218.9	
Mutual Inc. Fds., 1973	51.5	51.5	Quadrant Income 1973	238.7	
Mutual Eq. Fds., 1973	51.5	51.5			
Mutual High Yld. 1973	57.4	57.4			
National and Commercial			Ridgfield Management Ltd.		
21, St. Andrew Square, Edinburgh (01 506 5131)			28-40, Kennedy St., Manchester		
N. Income Fund, 1973	74.0	74.0	1973	131.0	
N. Growth Fund, 1973	74.0	74.0	1973	131.0	
N. Capital Fund, 1973	74.0	74.0	1973	131.0	
N. Div. Fund, 1973	74.0	74.0	1973	131.0	
National Westminster (a)			Rothschild Asset Management		
40, Gracechurch St., West. 1H1 Regd.	01-602 4841		72-80, Gresham St., City of London		
N.P. Gil. Unit Tr., 1973	52.9	52.9	N. Equity Fund, 1973	194.6	
N.P. Gil. Unit Tr., 1973	52.9	52.9	N. Income Fund, 1973	194.6	
N.P. Gil. Unit Tr., 1973	52.9	52.9	N. Income Fund, 1973	194.6	
N.P. Gil. Unit Tr., 1973	52.9	52.9	N. Income Fund, 1973	194.6	
National Westminster (a)			Rothschild & Lowndes Mgmt.		
11, Chancery Lane, E.C.2H 1B1	01-602 4841		St. Stephen's Lane, E.C.4.		
N. Income Fund, 1973	74.0	74.0	N. Income Fund, 1973	194.6	
N. Growth Fund, 1973	74.0	74.0	N. Income Fund, 1973	194.6	
N. Capital Fund, 1973	74.0	74.0	N. Income Fund, 1973	194.6	
N. Div. Fund, 1973	74.0	74.0	N. Income Fund, 1973	194.6	
NEL Trust Managers Ltd. (a) (g)			Rowan Unit Trust Mgmt. Co.		
Millen Court, Dorking, Surrey	01-602 4841		City Gate House, Finsbury Sq., E.C.2		
NEL Unit Tr., 1973	52.9	52.9	N. Income Fund, 1973	194.6	
NEL Unit Tr., 1973	52.9	52.9	N. Income Fund, 1973	194.6	
NEL Unit Tr., 1973	52.9	52.9	N. Income Fund, 1973	194.6	
Norwich Union Insurance Group (b)			Royal Tr. Co. Fd. Mgrs. Ld.		
P.O. Box 2, Norwich, NR1 2NG	01-602 4841		4, Jersey Street, S.W.1		
Group Tr. Fd., 1973	74.0	74.0	Capital Fund, 1973	74.0	
Group Tr. Fd., 1973	74.0	74.0	Capital Fund, 1973	74.0	
Group Tr. Fd., 1973	74.0	74.0	Capital Fund, 1973	74.0	
Pearl Trust Managers Ltd. (a) (g)			Save & Prosper Group		
283 High Holborn, W.C.1H 2B1	01-602 4841		4, Great St. Helen's, London E.C.2		
Pearl Unit Tr., 1973	52.9	52.9	Save & Prosper, 1973	194.6	
Pearl Unit Tr., 1973	52.9	52.9	Save & Prosper, 1973	194.6	
Pearl Unit Tr., 1973	52.9	52.9	Save & Prosper, 1973	194.6	
Pellican Unit Admin. Ltd. (g) (x)			Save & Prosper Securities Ltd.		
91, Fountain St., Manchester	01-602 4841		International Funds		
Pellican Unit, 1973	52.9	52.9	Capital, 1973	74.0	
Pellican Unit, 1973	52.9	52.9	Capital, 1973	74.0	
Pellican Unit, 1973	52.9	52.9	Capital, 1973	74.0	
Perpetual Unit Trust Mgmt. Co.			Save & Prosper Securities Ltd.		
40, Mark St., Bingley on Thames	01-602 4841		International Funds		
Perpetual Unit, 1973	52.9	52.9	Capital, 1973	74.0	
Perpetual Unit, 1973	52.9	52.9	Capital, 1973	74.0	
Perpetual Unit, 1973	52.9	52.9	Capital, 1973	74.0	
Prudential Unit Trust (a) (g)			Save & Prosper Securities Ltd.		
3, Prudential's Place, Old Jewry, E.C.2H 2ED.			International Funds		
Small Cash Fd., 1973	52.9	52.9	Capital, 1973	74.0	
Small Cash Fd., 1973	52.9	52.9	Capital, 1973	74.0	
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Prudential Unit Trust (a) (g)			Save & Prosper Securities Ltd.		
3, Prudential's Place, Old Jewry, E.C.2H 2ED.			International Funds		
Small Cash Fd., 197					

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INSURANCE AND PROPERTY BONDS

CLIVE INVESTMENTS LIMITED	
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-293 1101.	
Index Guide As at August 15, 1978 (Base 100 at 14.1.77)	
Clive Fixed Interest Capital	132.07
Clive Fixed Interest Income	114.65

CORAL INDEX- Class 512-517

INSURANCE BASE RATES	
†Property Growth.....	10.4%
†Vanbrugh Guaranteed.....	9%
†Address shown under Insurance and Property Bond Table.	

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7th.	Sept.	Richmond R. R. p.	64	78	207	4.8	4.8	2.9
8th.	Sept.	Richmond R. R. p.	64	25	2.85	2.8	4.8	2.9

TRUSTS, FINANCE, LAND

Investment Trusts

Dec.	June	Aberdeen Invs.	60	15	2.29	1.9	5.92	
Jan.	Sept.	Aberdeen Trust.	122 1/2	28	45.19	1.1	5.02 1/2	
Jan.	Sept.	Atlas Inv.	116 1/2	23 1/2	6.66	6	6 1/2	
Dec.	July	Aberdeen Inv.	116 1/2	34	3.96	1.8	3.97 1/2	
Nov.	July	Atlantic Trust	246	16	7.21	1.0	4.93 1/2	
Nov.	July	Atlantic Inv.	120	16 1/2	6.43	1.8	6.21	
Oct.	Nov.	Cap. & Sec. Inv.	210	15	4.73	1.6	10.15 1/2	
Nov.	July	De Cap. & Sec. Inv.	210	15	4.73	1.6	10.15 1/2	
Nov.	July	De Cap. & Sec. Inv.	210	15	4.73	1.6	10.15 1/2	
Oct.	May	American Tr. Inv.	48 1/2	34	41.57	1.1	4.33 1/2	
Aug.	Mar.	American Tr. Inv.	47 1/2					
Aug.	Mar.	American Tr. Inv.	47 1/2					
Sept.	Apr.	Anglo-Am. Inv.	64 1/2	107	1.08	1.0	4.13 1/2	
Sept.	Apr.	Anglo-Am. Inv.	64 1/2	12	3.25	1.0	10.14 1/2	
Sept.	Apr.	Anglo-Am. Inv.	64 1/2	12	3.25	1.0	10.14 1/2	
June	Dec.	De Cap. & Sec. Inv.	153	15 1/2	41.69	1.0	4.71 1/2	
Aug.	Feb.	De Cap. & Sec. Inv.	77	26 1/2	52.23	1.0	10.21 1/2	
Dec.	June	De Cap. & Sec. Inv.	41	116	97.18	1.1	4.92 1/2	
Dec.	June	De Cap. & Sec. Inv.	41	116	97.18	1.1	4.92 1/2	
Aug.	Mar.	De Cap. & Sec. Inv.	140	107	41.12	1.2	4.29 1/2	
January	July	Atlanta Nat. Bk.	246	23 1/2	55.11	1.7	4.17 1/2	
Jan.	Sept.	Atlanta Nat. Bk.	246	23 1/2	55.11	1.7	4.17 1/2	
Dec.	June	Atlanta Nat. Bk.	169 1/2	15 1/2	9.98	1.4	4.21 1/2	
Dec.	June	Atlanta Nat. Bk.	169 1/2	15 1/2	9.98	1.4	4.21 1/2	
Nov.	July	Bank of Ind.	44	20 1/2	5.98	1.0	4.94 1/2	
December	July	Bank of Ind.	72 1/2	141	10.88	1.0	1.08 1/2	
Nov.	June	Berry Trust	43	38	3.23	1.0	4.93 1/2	
Nov.	June	Berry Trust	194	47 1/2	65.34	1.9	4.93 1/2	
May	Dec.	Bond & Mort. Inv.	27	25	1.52	1.1	4.99 1/2	
June	July	Bond & Mort. Inv.	32 1/2	27	1.52	1.1	4.99 1/2	
June	July	Bond & Mort. Inv.	319 1/2	27	1.52	1.1	4.99 1/2	
June	July	Bond & Mort. Inv.	28	27	1.52	1.1	4.99 1/2	

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Options		3-month Call Rates	
<hr/>			
Subtotals			
1. New	45	20	30
2. P. Cement	15	20	15
3. C. Cement	15	20	15
4. C. Cement	15	20	15
5. C. Cement	15	20	15
6. C. Cement	15	20	15
7. C. Cement	15	20	15
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95. C. Cement	15	20	15
96. C. Cement	15	20	15
97. C. Cement	15	20	15
98. C. Cement	15	20	15
99. C. Cement	15	20	15
100. C. Cement	15	20	15

Tuesday August 29 1978

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London Office: 51 High Holborn
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Spain restructures steel and shipyards

BY ROBERT GRAHAM

MADRID, August 28.

THE SPANISH Government has approved an important package of measures to restructure two key but ailing sectors of the country's industry—integrated steel production and shipbuilding.

The measures will involve more than £500m worth of state credits and grants to the two sectors, 75 per cent of which are earmarked for steel.

They involve considerable reductions in the labour force, especially in shipbuilding where employment levels are expected to be cut by 40 per cent in the next four years.

New incentives for buyers of Spanish built ships are also included in the package.

The measures have been worked out over the past nine months. Their approval by the Cabinet represents the first concrete proof of the Government's resolve to rationalise strategic sectors of industry.

The measures also mark a significant shift away from the Franco tradition whereby financial assistance was made available with little or no reciprocal obligation.

The State via the holding company, INI, will now control

75 per cent of integrated steel production. The steel programme provides for heavy new injections of capital combined with official credit to provide funds for both new investment and to write off accumulated debt.

Essentially, the largest of the integrated steel concerns and controlled by INI, will increase its capital by Ptas1bn (£75m) and will be offered a similar sum in official credit.

Meanwhile, funds will be released for the already agreed plan whereby the State will eventually nationalise the Alcos Hornos de Vizcaya (AHV), the smallest of the three integrated steel groups.

The funds just approved include Ptas1bn (£75m) for INI to acquire an initial 34 per cent stake in AHV and the grant of a further Ptas1bn (£55m) in official credits to ease the cash flow problems of the privately-owned Alcos Hornos de Vizcaya, Ptas450m (£31m) in official credit is being made available.

The package approved for the country's three main shipyards—Astilleros Espanoles, Astano and Bazan—which control 90 per

cent of capacity are more comprehensive.

The Government will provide Ptas 6.3bn (£43m) in direct grant for a capital increase for Astilleros, Ptas 3.5bn to fresh capital for Astano and Ptas 3bn in official credit to Bazan the naval shipbuilder.

Total accumulated losses of the three companies are believed to be over £82m.

The yards presently have an order book of 900,000 gross tonnes against an annual capacity of 1.5m gross tonnes. To reduce over-capacity the 43,000-strong workforce will be cut by 40 per cent. The bulk of the cuts the Government hopes to make via early retirement, freezing of recruitment, and state-assisted retraining. However, this still leaves a residual overemployment of about 7,000 workers. This will be tackled by a form of rotational employment.

These measures have been agreed with the trades unions after considerable haggling. The solution will cost the Government over £25m a year when fully operational but it was considered the only possible approach especially as the yards affected are in areas of high unemployment.

Callaghan ready to reach October election decision

BY RICHARD EVANS, LOBBY EDITOR

MR. JAMES CALLAGHAN returns to 10 Downing Street this week ready to reach his decision on an October General Election which all three major political parties now regard as a virtual certainty.

Pre-campaign planning by the parties is accelerating on the assumption that Thursday, October 5 will be polling day rather than October 12—the date originally favoured.

The Prime Minister's annual visit to the Queen at Balmoral takes place over the week-end of September 9-10 and this would be the ideal opportunity to advise the Queen of the election date.

Provided that October 5 is the date, a brief announcement would come from Downing Street probably on September 13, and Parliament would be formally dissolved without the need for a Speech from the Throne.

The Labour leader has a vested interest in aiding the Liberals as much as possible as the Tories are counting on large-scale defections from the Liberals to capture enough seats to sweep them to power.

Some Tories still do not rule out a quick dash to the polls on September 28 if Mr. Callaghan thinks they are moving in his favour. This would mean there could be no Liberal Assembly.

Mrs. Margaret Thatcher, Conservative leader, is to visit Scotland and the Borders at the end of the week. She will concentrate on the highly marginal Berwick and East Lothian seat of Dr. John Mackintosh, the Labour MP who died a month ago, and on Mr. David Steel's constituency of Roxburgh, Selkirk and Peebles.

Next week Mrs. Thatcher will start a series of tours of marginal seats.

The message is that, in 16 years of Labour Government, real take-home pay has risen by 6 per cent, whereas under the Conservatives it has risen by 60 per cent over 17 years.

The Labour Party is to increase its advertising spending in September from £190,000 to about £200,000.

Mr. James Prior, shadow employment spokesman, is to chair a seminar on unemployment at Nottingham University on Thursday organised by the party's employment team.

constituencies in the English regions, concentrating on the Midlands and North-West, the two areas where Tory tacticians believe they have the best chance of capturing seats from Labour because of the unemployment situation and the prospect of a fall in Liberal votes.

Mr. Callaghan's only formal engagement in a quiet first week after a three-week holiday on his Sussex farm is on Thursday when he opens a new production line at a glass factory at Kings Norton, Birmingham.

The keynote speech which will be studied minutely for any indication of election thinking will come on Tuesday week when the Premier addresses the TUC at its annual conference at Brighton in what is expected to be a rallying call to the whole Labour movement.

New poster

In preparation for an election in early October the Conservative Party yesterday announced the next stage in its controversial poster campaign.

A new poster, claiming that life has been ten times better under the Conservatives than under Labour during the post-war period will soon appear on hoardings throughout the country, mainly in marginal seats.

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Europe 'will lag in micro-electronics until the 1990s'

BY JOHN LLOYD

WESTERN EUROPE will be dependent on Japanese and U.S. produced micro-processors and micro-electronic technology until the mid-1990s, a European Commission report on the future of the micro-electronics industry in the EEC predicts.

The report, to be presented to EEC officials next month, is also thought to be sceptical about the future of joint European-U.S. ventures in micro-electronics, such as the recently-announced link between General Electric in the UK and Fairchild in the U.S. for the volume production of micro-processors and micro-computer memories.

It believes that such projects will be dominated by the U.S. companies, which have more advanced technology and are experienced in volume production.

The reports says that control of such joint ventures will be effectively in American — or Japanese — hands and that Europe will be seen as a market of secondary importance.

Instead, it favours—as does the Commission—links between electronic companies in member countries aimed at developing a fully European capacity for volume micro-processor production.

It is also thought to stress the need to develop European software for micro-processors, where only France, and to a lesser extent the UK, have any strength at present.

The report is swimming against the tide of movements within the major European electronic companies. Both Thomson-CSF of France and Siemens of West Germany are looking to the U.S. for expertise and possible joint ventures, while GEC in the UK has already taken the plunge.

Even INMOS, the company floated with an investment of £50m from the National Enterprise Board, will be U.S.-based for the first two years of its life. It will move back to the UK only when the research and development side of its work is completed and volume production of micro-processors and its micro-computer memory, the 64K RAM, can begin.

Weather

DRY and cloudy in S.; rain elsewhere but brighter in N.W. later. London S.E. S.W. Cent. Southern England, Midlands, Channel Is.; S. Wales.

Mostly dry, perhaps a little rain. Max. 17-19C (63-64F). E. Anglia, E. N.W., Cent. Northern England, N. Wales, Lake District.

Cloudy, rain at times. N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Moray Firth, Cent. Highlands, Orkney, Shetland.

Cloudy, outbreaks of rain. Max. 15-17C (59-63F). N.W. Scotland, N. Ireland. Cloudy, rain, becoming brighter. Max. 15-17C (59-63F).

Outlook: Dry with sunny intervals, becoming cloudy.

BUSINESS CENTRES

City	Temp	Wind	Cloud	Temp	Wind	Cloud
Amsterdam	10	10	10	10	10	10
Brussels	10	10	10	10	10	10
Frankfurt	10	10	10	10	10	10
Geneva	10	10	10	10	10	10
London	10	10	10	10	10	10
Madrid	10	10	10	10	10	10
Munich	10	10	10	10	10	10
Paris	10	10	10	10	10	10
Rome	10	10	10	10	10	10
Stockholm	10	10	10	10	10	10
Vienna	10	10	10	10	10	10
Zurich	10	10	10	10	10	10

HOLIDAY RESORTS

City	Temp	Wind	Cloud	Temp	Wind	Cloud
Algarve	10	10	10	10	10	10
Amalfi	10	10	10	10	10	10
Barcelona	10	10	10	10	10	10
Cannes	10	10	10	10	10	10
Corfu	10	10	10	10	10	10
Edinburgh	10	10	10	10	10	10
Frankfurt	10	10	10	10	10	10
Geneva	10	10	10	10	10	10
London	10	10	10	10	10	10
Madrid	10	10	10	10	10	10
Munich	10	10	10	10	10	10
Paris	10	10	10	10	10	10
Rome	10	10	10	10	10	10
Stockholm	10	10	10	10	10	10
Vienna	10	10	10	10	10	10
Zurich	10	10	10	10	10	10

Oil companies bid to diversify

THE LEX COLUMN

So far this year, international oil companies have announced takeover bids worth over \$24m for businesses outside the energy sector. Their acquisitions have ranged from medical equipment to forest products and the chances are that these are a lot more to come.

The simple explanation is that the oil companies have a great deal of money looking for a home, for they continue to make healthy profits despite surplus capacity at pretty well every stage of their operations. That after tax return of the Seven Sisters (Exxon, Shell, Gulf, Mobil, Solar, Texaco and BP) only slipped marginally last year to around 13 per cent.

And their aggregate cash flow from operations rose from \$16.7bn to \$17.6bn.

Meanwhile the capital requirements of parts of their traditional business have been declining. In 1975, according to the Chase Manhattan Bank, the free world's oil industry spent \$9.2bn on tankers—a figure which must subsequently have fallen by several billion dollars.

For instance, Texaco's spending on the marine side dropped from \$114m to \$13m in 1977, and Shell's from \$246m to \$73m.

There has also been less spending on further downstream. According to the Chase figures, investment in refineries dropped by \$1.8bn in 1976.

At the same time, two enormous new developments—the North Sea and Alaska—have moved from the cash hungry to the cash generating stage. North Sea money has already played a part in such takeovers as Tenneco's bid for Albright and Wilson, and Texas Eastern's offer for Olin.

But there are limits. Uncertainty about the economics of coal liquefaction, tighter environmental legislation and the miners' strike this spring have served to temper the more optimistic projections of coal output in the U.S. And in uranium, the disastrous experiences of General Atomic—a partnership owned and operated on a 50:50 basis by Gulf and Royal Dutch/Shell—serve as a stark warning of the potential risks in new technology. Up to 1977, Gulf had provided \$240m for its share of anticipated future losses on certain commitments of the partnership.

So investments which have nothing to do with energy are also being considered. Minerals are an obvious candidate for investment by companies which are in an extractive industry and have lots of financial muscle—which is why Atlantic Richfield took on Anaconda last year, while Exxon spent over \$100m on Chilean copper interests.

Capital spending

The result has been a marked slowdown in the oil industry's demands for funds. The Seven Sisters' net new borrowings fell from nearly \$5bn in 1976 to under \$400m in 1977, and although their capital spending rose slightly over the year to \$14.5bn, that was only because of substantial increases in their interests outside oil and gas.

Spending on chemicals rose nearly a quarter to \$2.2bn, and their investment in other areas exceeded \$1bn for the first time. So the companies have the money to diversify and they also have the motive. No one agrees about exactly when the oil is going to run out, but it clearly is a finite asset. Growth



Now the oil majors are ranging much further afield. Mobil blazed a spectacular trail with its acquisition of Marcor in 1976. As a result, it now has net assets of \$1.9bn in its retail and container interests. It is also said to have invested more than \$100m in real estate developments in the last five years.

Even Texaco, traditionally one of the more conservative of the oil majors, recently stated that it was interested in attractive investment prospects "in any field." And Exxon, which has over \$300m of capital employed outside its chemical, energy and mineral operations, is building up a major presence in the venture capital business.

During 1977 it had 25 projects under way in advanced energy forms, information systems and advanced materials. Sales of its video-aided text editing machine totalled \$24m, and its micro-computer and telephone facsimile systems are said to be the fastest growing in their particular industries. All told, Exxon spent nearly \$8m on research into information systems during 1977.

Governments' view

So far, governments around the world have not appeared to be particularly concerned about the possibility of a further concentration of economic power. The UK authorities did not object to Albright and Wilson, which was the second biggest independent chemical company in the country, passing into foreign hands. And the U.S. Justice Department has not shown much interest in oil company diversification to date.

At the same time, political pressure in Washington to break up the oil majors has noticeably subsided over the last year.

But the authorities may not be able to remain docile, especially if the oil companies start homing in on particular industrial sectors. For instance, two of this year's biggest bids have been for forest product companies—Olin and Mead Corporation. And the numbers are getting too big to ignore.

Exxon says that two-thirds of its investment programme over the next four years will be concentrated in the exploration and development of energy sources. But since its total budget for the period is \$24bn, that would still leave it with enough loose change to pick up about seven companies the size of Glaxo if it felt in the mood.

Long delays for air travellers as French dispute bites

BY LYNTON MCLAIN

HOLIDAYMAKERS at British airports were yesterday resigned to delays of as much as 30 hours as the impact of the French air traffic controllers' strike was felt.

Delays were even greater than those reported for passengers arriving at Glasgow Airport from Palma, Majorca, yesterday morning nearly a day and a half late. Thousands of passengers were reported stranded at Palma, where at one point there were 70 aircraft waiting to take off.

The situation improved last night at Palma, where officials said planes were landing and taking off regularly. There were still delays of up to three hours.

However, there were delays of up to seven hours at Madrid's Barajas Airport, officials said, and also delays at Malaga.

Glasgow still had a backlog of five flights from Sunday and the average wait was 18 hours.

At Gatwick there were only about 2,500 people, "not nearly as bad as we had feared," the airport said.

Luton Airport also had a backlog of flights, with the 3.45 am flight to Madrid not expected to leave until 9.15 pm yesterday.

Heathrow Airport coped better than during earlier weekends hit by the French work-to-rule. Only flights to Nantes and Toulouse in France were delayed, for two hours. The airport said flights to Spain, Portugal and Paris were leaving with only minimal delay.

In France, Nice was closed altogether to large aircraft. Gibraltar was seriously affected by the troubles, with incoming flights landing up to an hour late.

At Manchester, passengers faced delays of up to 30 hours and entertainment was provided for waiting children.

Flights to Canada from Heathrow were hit, but not as a result of the air traffic controllers' action. Air Canada's ground staff were asked to cancel all Air Canada flights to be cancelled until further notice.

In Paris there were no signs of an easing of the controllers' action. They continued to press their demands for better pay and working conditions, but the French Government has refused to reopen negotiations as long as the protest lasts.

At Heathrow airline staff and shop stewards are expected to back a call today for El Al, the Israeli airline, to be moved to Stansted. British Airways check-in desks at Terminal Three have already refused to work next to El Al desks because of fears over security.

Pay deal militancy on British Airways, Page 5.

Portugal selects new Cabinet

BY JIMMY BURNS

LISBON, August 28.

PORTUGAL'S ninth Government since a military coup ended half a century of dictatorship over two years ago, was announced today. The announcement was made within hours of President Ramalho Eanes' appointment of Sr. Alfredo da Costa, a 55-year-old engineer without official party links, as the country's new Prime Minister.

The 16-man Cabinet, as expected, consists mainly of political independents and technocrats, but includes three military men. They are Colonel Mario Figueiredo, Major Joao Antonio de Figueiredo, the president of the Portuguese National Radio, who is the new Minister for Social Communication, and Colonel Antonio Goncalves Ribeiro, the present High Commissioner for Refugees, who is the new Minister of the Interior.

As previously announced, the new Finance Minister is Sr. Jose Silva Lopes, the Governor of the Bank of Portugal and president of the Portuguese Commission for European Integration.

Both the Conservative Party (CDS) and the Right-wing Social Democratic Party (PSD) have already accused Sr. Costa of including three "leftist" Ministers in his Cabinet: Sr. Carlos Correia Gago, the new Foreign Minister; Sr. Antonio da Costa Leal, the new Labour Minister; and Sr. Antonio Magaloes, the new Minister for Social Affairs.

Nevertheless, the controversial Ministry of Agriculture has gone to Sr. da Cruz Portugal, a technocrat known to be keen on a more vigorous policy in the sector.

Sr. da Costa and his Cabinet, officially sworn in tomorrow, now have 10 days in which to present a programme to Parliament. Their survival will depend on the outcome of a five-day debate

which will begin on September 7. Portugal has had six provisional and three constitutional Governments since the coup in February, 1974.

Continued from Page 1

Rhodesia oil supply

private. It would be quite wrong for the company to comment on its work or on the matters within its terms of reference, notwithstanding the allegations made in the Press and on television," the statement concluded.

Mr. John Prescott, Labour MP for Hull East, wrote to the Prime Minister demanding a Parliamentary inquiry into the control and operation of BP in the oil sector. He said on BBC radio that BP should be made

fully accountable to Parliament and he would like to see an investigation by the Select Committee on Nationalised Industries.

Mr. William Molloy, Labour MP for Ealing North, made a formal request to Mr. Michael Foot, Leader of the Commons, for Parliament to be recalled to discuss the Bingham Report, and Mr. John Ryman, Labour MP for Blyth, wanted the Director of Public Prosecutions to advise if there was sufficient evidence to prosecute under sanctions legislation.

Continued from Page 1

Airbus decision

for several more weeks, with no guarantees that the UK will eventually participate in them.

It would still be theoretically possible for the UK to rejoin Airbus Industrie to work on the A-310, while sharing in the development of a smaller aircraft with a U.S. manufacturer—Boeing on the 757 or McDonnell

Douglas on the Advanced Technology Medium-Range venture. One possibility is that once within Airbus Industrie, the UK might persuade the other partners to modify their plans for other smaller aircraft, in favour of a tripartite UK-U.S.-European venture, built round the McDonnell Douglas venture.

Chase is, however, rather more bullish than many UK forecasters in projecting a 3 per cent rise in real consumer spending in 1979 after a 4.5 per cent increase in 1978. This reflects the assumption of further tax cuts sustaining living standards in spite of a return to a double figure rate of consumer price inflation.

The analysis is relatively pessimistic about the inflation prospects on the basis of a rise of between 13 and 15 per cent in average earnings during the pay round to next summer.

Chase argues that under a new Conservative administration "a wage explosion would be a very real possibility." It claims that under either party "monetary

orthodoxy will be the order of the day."

In a discussion of sterling, the London Business School points out that the real exchange rate (adjusted for price changes) has risen against the U.S. dollar by more than 30 per cent since the low point in October 1976.

"The UK real exchange rate relative to the dollar is now significantly higher than immediately prior to the devaluations of 1976 and 1972."

The Business School expects this pattern to be reversed, although experience of exchange rate behaviour suggests that such deviations can persist for significant periods before the various corrective mechanisms work their way through the system.

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